



Report to Cabinet.

Date: 12th July 2022

Title: Highways Service – Term Maintenance Contract Award.

Relevant councillor(s): Steve Broadbent, Cabinet Member for Transport

Contact officer: Richard Barker, Corporate Director Communities

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Ward(s) affected: All wards, as a council wide service

Recommendations:

- 1. To note the progress made to date on the procurement of the new Highways Services Contracts.**
- 2. To agree the recommendation to award the Highways Term Maintenance contract to the preferred bidder as detailed within Confidential Appendix 1.**

Reason for decision:

- i. The contracts required for the future delivery of this key service are ranked as 'Platinum Plus', requiring a council Key Decision by Cabinet.
- ii. There are three elements/contracts, with the procurement of each undertaken in a phased approach to manage workload.
- iii. The Term Maintenance Contract (TMC) is the first of the three to be taken to Cabinet and this report details the outcome of the procurement exercise, making recommendations for a decision to award the TMC in accordance with the previously agreed procurement process.

1. Executive summary

- 1.1 The procurement project team, with support from other disciplines from across the Council and externally, have made positive progress with the delivery of the new Highways operating model and the associated procurement activity and are on programme to deliver these key contracts for the Council.
- 1.2 One of these contracts is the appointment of a new Term Maintenance Contractor. This paper, and the confidential Appendix 1 attached, report on the outcome of the procurement exercise and recommends the award of contract to the preferred bidder with the most economically advantageous tender as in accordance with the agreed assessment model for quality and price.
- 1.3 The Term Maintenance Contract is a key component of the new Highway service contracts, and this award will enable the smooth transfer to the new operating model for the Highways Service and ensure business continuity. It will reflect value for money and is lower than current costs on a like for like basis.

2. Content of report

2.1 Background

- 2.1.1 The Council's ca. £45m per annum contract for Highways Service delivers all aspects of highways services. The current service is provided by Ringway Jacobs (RJ) and this contract ends on 31st March 2023.
- 2.1.2 Cabinet agreed the new Highways service contracts operating model and the associated procurement strategy for the new contracts on 2nd March 2021.
- 2.1.3 On 29th June 2021 Cabinet agreed the evaluation and quality criteria that would be used to determine the selection process and outcome of the procurement exercise as well as the criteria and process for determining any potential future extensions of the contracts. This paper also sets out the proposed governance arrangements and format of how the proposed alliance for Buckinghamshire Highways would function and operate.
- 2.1.4 Because of the size and nature of the contracts, and to assist with the demands placed on the service in terms of resource, it was agreed to stagger the procurement process and carry it out in 3 parts.
 - **a Term Maintenance Contract (TMC)** comprising the routine maintenance works, the largest in terms of work and value,
 - **a Term Consultancy Contract (TCC)** comprising design, project management and client top up services,

- and finally, **Two Frameworks**, the first framework comprising 3 lots, one for Conventional Surfacing, one for Surface Dressing and Micro Surfacing and one for Minor works up to £500k. The second framework is for larger projects and works in excess of £500k.
- 2.1.5 Cabinet agreed to use a Competitive Procedure with Negotiation (CPN) under the New Engineering Contract 4 (NEC 4) suite of documents as the most appropriate mechanism for the procurement of both the Term Maintenance Contract (TMC) and the Term Consultancy Contract (TCC) and a Restricted Procurement exercise to be used for the 2 frameworks on 29th June 2021.
- 2.1.6 The project is managed by a Project Board, with representation from across the council.
- 2.1.7 The project including the new operating model, the procurement exercise, the proposed performance approach for the new Term Maintenance and Consultancy contracts and other elements have been presented and discussed at a number of the Member Highways Task and Finish group meetings. In addition, the project has also been the subject of scrutiny at 2 meetings of the Transport and Environment Community Committee (TECC) as well as a dedicated briefing session for all Council Members.

2.2 The Procurement Process

- 2.2.1 To launch the procurement exercise, a Market Engagement Day was held on 8th July 2021, to advise and explain to the potential tenderers, how the new model will operate, the procurement process and procedures that we would be using, the indicative timetable and programme and setting out what we are expecting and looking for going forward. 57 organisations attended the event.
- 2.2.2 A Selection Questionnaire (SQ) for the TMC was issued on 10th August 2021 and subsequently returned on 13th September. From the initial 7 returns received, 5 were invited to proceed to the Initial Tender stage with initial tenders issued on 21st October 2021. 1 unfortunately withdrew from the process at this point because of other commitments leaving 4 to continue. Initial tender returns were subsequently received on 28th January 2022 and following evaluation, the 2 tenderers with the highest combined quality and price score were selected and invited to progress to the next stage of the procurement process comprising participating in a series of negotiation meetings. These 2 tenderers also had submitted the 2 lowest priced documents.

- 2.2.3 All parties involved agreed that the negotiation meetings were extremely valuable and provided an insight into the future working relationships and approach to the contract. The Client team agreed that the meetings enabled them to ensure the specification and price list were robust and fit for purpose and reduced any future risk to the Council. In addition, the meetings ensured the team were able to clearly explain the Council's expectation of the new contract and how the Buckinghamshire Highways alliance and new operating model would work. It also allowed the team to highlight key elements of the service that are important to Members and stakeholders, and clearly led to improved proposals in these areas within the final submissions.
- 2.2.4 Following the conclusion of these negotiations, the remaining two tenderers were invited to submit a final tender, and these were returned on 3rd May 2022.
- 2.2.5 The submitted final tenders were evaluated in accordance with the agreed criteria to determine the preferred tenderer and a paper reporting on that evaluation and making a recommendation for award of the TMC is attached as Appendix 1 of this paper.
- 2.2.6 The project team remain confident of being on track to be able to commence all the new contracts on 1st April 2023 allowing for a minimum period of 6 months for mobilisation for the Term Maintenance Contract. This is accepted as a good minimum period, to allow a smooth and seamless transfer and ensure business continuity.
- 2.2.7 **Appendix 2** shows the overall programme with key dates and milestones along with the latest progress for the entire procurement project.

3. Legal, Procurement, Financial and HR implications

- 3.1 The paper has been shared and agreed with Legal Services, Procurement, HR and Finance Services and representatives from these areas sit on the Project Board and were involved in the negotiation sessions. Procurement and Finance have also been an integral part of the tender evaluations.
- 3.2 The estimated costs are within the current budget envelope. However, due to recent inflationary pressures, notably for essential materials, the overall contract costs are likely to increase and so there will need to be careful management of the budget. This will be further considered as part of the MTFP process.
- 3.3 The Council is of the opinion that TUPE applies and TUPE related data was issued to all tenderers.



4. Corporate implications

- 4.1 Equality. An equalities impact assessment was undertaken and is kept under review and updated as and when required.
- 4.2 Data. A data protection and security implication assessment was undertaken, to assist and inform the procurement process where necessary, and to ensure that any decisions take account of data security and GDPR requirements. These assessments are kept under review and updated as and when required.
- 4.3 To date all personal information and data that has been requested and shared with the prospective tenderers have been processed accordingly. The people information was password protected and the tenderers also had to sign confidentiality agreements prior to receiving any people information.
- 4.4 Throughout the process we will also ensure that the successful bidder complies with all relevant legislation in relation to EqlA and GDPR.

5. Local councillors & community boards consultation & views

- 5.1 Significant Member engagement has taken place through a range of activities regarding the new Highways Service including:
 - The Highways Task and Finish Group. This project and the new Operating Model has been presented and debated at a number of the Highways Task and Finish group meetings.
 - The Transport, Environment and Climate Change Select Committee. The project has also been the subject of scrutiny at 2 meetings of the Transport and Environment Community Committee (TECC)
 - All Member Briefings.
- 5.2 In addition to the activities above, a further briefing session is planned for Community Board Chairmen to highlight the plans and progress with the procurement and facilitate a discussion on the role of Community Boards and opportunities with the future Highways Service.

6. Communication, engagement & further consultation

- 6.1 There has been and there continues to be consultation with other service areas from across the Council who have either used the highways services contract in the past or

may have call for using it in the future. Their feedback has and is used to assist in determining what and how any new arrangements will function and operate.

- 6.2 Officers have been in contact with a number of other highways authorities from across the country and have regular meetings with neighbouring councils to glean and share information.

7. Next steps and review

- 7.1 Should the recommendation be accepted, then the necessary steps will be taken to award the Term Maintenance Contract and commence mobilisation.
- 7.2 A transition Board will be established with Member oversight to ensure the mobilisation of the new contract, complete the transfer of staff to the client team under TUPE regulations and implement service improvements.

8. Background papers

- 8.1 The background paper, Appendix 1, is a confidential paper.
The other papers are the previous cabinet papers.

9. Your questions and views (for key decisions)

- 9.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]

