



Report to Cabinet

Date: 14th February 2023

Title: **Highways Service – Frameworks 1 and 2 Contract Award**

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

Contact officer: Richard Barker, Corporate Director Communities

Author: David Farquhar

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 Framework 1, Lot 1, Lot 2 and Lot 3, and Framework 2 Highways contracts to the preferred bidders as detailed within Confidential Appendix 1.**
- 3. To note the proposed management, use and commissioning of works via the Frameworks and the Term Maintenance and Consultancy contracts.**

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 recommendation for the award of the first of these contracts, the Term Maintenance Contract (TMC) was agreed by Cabinet on 12th July 2022, the second the Term Consultancy Contract (TCC) was agreed by Cabinet on 22nd September 2022, and this report details the outcome of the procurement exercise for the third element, Frameworks 1 and 2, with Framework 1 having 3 separate lots. This paper makes recommendations for a decision to award 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 The first of these contracts was the appointment of a new Term Maintenance Contractor which was agreed by Cabinet on 12th July 2022.
- 1.3 The second of these contracts was the appointment of a new Term Consultant which was agreed by Cabinet on 22nd September 2022.
- 1.4 This paper, and the confidential Appendix 1 attached, report on the outcome of the procurement exercise for the final set of these contracts, Frameworks 1 and 2, and recommends the award of contracts to the preferred bidders with the most economically advantageous tender in accordance with the agreed assessment model for quality and price.
- 1.5 These Frameworks form another key component of the new Highway Service operating model and will deliver a high-quality and value for money service.
- 1.6 The range of services that these Frameworks will provide comprise;
 - Framework 1, Lot 1 Conventional Surfacing
 - Framework 1, Lot 2 Specialist Surfacing and Surface Dressing
 - Framework 1, Lot 3 Minor works below £500k, and
 - Framework 2, Major works above £500k.
- 1.7 Similar to the Term Maintenance and Term Consultancy Contracts, these Frameworks have been set up so that other service areas of the Council can make use of them, in particular for large scale capital funded infrastructure projects.
- 1.8 The award of these contracts provides an opportunity for the council to align the delivery of all its highway and regeneration infrastructure projects under a single delivery model ensuring value for money and competitive choice whilst retaining the option to test the market. This would cover a range of existing infrastructure projects including Highways and town centre public realm schemes.
- 1.9 In terms of both efficiency and effectiveness, it is proposed that the contract management for all the above contracts be located under a single directorate, with the proposal for this to be located within the Communities Directorate under the Service Director for Highways and Technical Services.

2. Content of report

2.1 Background

- 2.1.1 The Council's c. £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 Term Maintenance and Term Consultancy contracts. These Framework Contracts will be for a maximum 4-year contract period.
- 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. It also agreed that a minimum of 2 tenderers would be selected for each Lot within Framework 1 and equally a minimum of 2 tenderers be selected for Framework 2.
- 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 two dedicated briefing sessions 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 second engagement day was held on 24th February 2022 to update interested parties, in particular for the frameworks, and again was well attended.
- 2.2.3 A Selection Questionnaire (SQ) for the Frameworks were issued on 1st June 2022 and subsequently returned on 11th July 2022. Following an evaluation process, 5 tenderers were selected for each lot in Framework 1 and also for Framework 2 and tender documents were issued on 22nd September and returned on 1st November 2022.
- 2.2.4 The submitted final tenders were evaluated in accordance with the agreed criteria to determine the preferred tenderers, those with the highest combined quality and price score for each lot and Framework, and a paper reporting on that evaluation and making a recommendation for award to the respective lots and Frameworks is attached as Appendix 1 of this paper.
- 2.2.5 The project team remain confident of being on track to be able to commence all the new contracts on 1st April 2023 to allow a smooth and seamless transfer and ensure business continuity.
- 2.2.6 **Appendix 2** shows the overall programme with key dates and milestones along with the latest progress for the entire procurement project.

3. Management and Usage of the Contracts

- 3.1 Currently the main users of the existing contract is the Highways Service with occasional utilisation from other council service areas such as Strategic Highway

Improvements, Flooding and Development, Transport Strategy and the Rights of Way team.

- 3.2 The council currently access a number of different frameworks for delivering a range of Highway and Development schemes. The new contract arrangements for Buckinghamshire provide the opportunity to consolidate the current mixed economy of supply for these services under a single framework with access to and be able to embrace new technologies and innovations.
- 3.3 This will ensure value for money, provide choice to access a range of service providers, and ensure competitiveness through the ability to run mini competitive tenders and bids and test the market as and when required, whilst maintaining the council's discretion to access the wider market through a traditional procurement exercise.
- 3.4 In order to ensure a consistent and the most efficient way of managing the two frameworks, it is proposed that the overall management be under the same Directorate, with the proposal being the Communities Directorate, under the Service Director of Highways and Network Services, where the majority of the current workload is commissioned.

4. Legal, Procurement, Financial and HR implications

- 4.1 Relevant colleagues from Legal Services, Procurement, HR and Finance Services have approved the report and representatives from these areas also sit on the Project Board. Procurement and Finance have also been an integral part of the tender evaluations.
- 4.2 The estimated costs are within the current budget envelope. However, due to recent inflationary pressures, the overall costs over the term of the contract are likely to increase and so there will need to be careful management of the budget.
- 4.3 Based on the information received from the existing service provider, the Council is of the opinion that TUPE does not apply to these frameworks. This is because the works contained within the frameworks are not carried out by RJ staff but by their supply chain and sub-contractors and this element of work does not relate to a significant part of the supply chains workload.

5. Corporate implications

- 5.1 Equality. An equalities impact assessment was undertaken and is kept under review and updated as and when required.
- 5.2 Data. A data protection and security implication assessment were 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.

- 5.3 Throughout the process we will also ensure that the successful bidders comply with all relevant legislation in relation to EqlA and GDPR.

6. Local councillors & community boards consultation & views

- 6.1 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.
- A Transition Board, chaired by the Cabinet Member for Transport has been established to ensure the mobilisation of the new contracts, completion of the transfer of staff to the client team under TUPE regulations, implementation of service improvements and the transition into the new Operating Model are satisfactorily carried out. It meets every 2 weeks and the first meeting was held on 2nd November 2022.
- The project has also been the subject of scrutiny at 2 meetings of the Transport and Environment Community Committee (TECC) and a further session has been programmed for 30th March 2023.
- The risk register was also presented to the Risk Management Group on 12th December.
- There have also been 2 number All Member Briefings held.

7. Communication, engagement & further consultation

- 7.1 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.
- 7.2 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.

8. Next steps and review

- 8.1 Should the recommendation be accepted, then the necessary steps will be taken to award contracts for the various lots and frameworks as appropriate, and commence mobilisation.

9. Background papers

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

10. Your questions and views (for key decisions)

- 10.1 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 email democracy@buckinghamshire.gov.uk

