
Report to: Cabinet **Date of Meeting:** 26 March 2015

Subject: Procurement Proposals for the Annual Service Contracts for Highway Maintenance Works

Report of: Director of Built Environment **Wards Affected:** All Wards

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

To seek approval for the procurement of Annual Service Contracts for Highway Maintenance Work to begin in July 2016.

Recommendation(s) That

- i) the procurement of the Annual Service Contracts for Highway Maintenance Work be agreed based on the specifications referred to in paragraph 2.6 of the report;
- ii) the Director of Built Environment be authorised to approve the Short List of Tenderers for each Contract subject to the appropriate review of the Pre Qualification Questionnaire;
- iii) the tenders be evaluated using the evaluation criteria set out in paragraph 2.4 of the report; and
- iv) the Director of Built Environment be authorised to award the Contracts to the highest scoring Tenderer.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity	✓		
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People		✓	
6	Creating Safe Communities	✓		
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local	✓		

	Democracy			
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Reasons for the Recommendation:

The existing Annual Service Contracts for Highway Maintenance Works are due to expire in July 2016. The Anticipated Scope of Works that are likely to be delivered under the Contracts are of sufficient value that Cabinet approval is required.

What will it cost and how will it be financed?

(A) Revenue Costs None. The cost of works awarded under tender will be to the level of annual budget as agreed by Council.

(B) Capital Costs
All the Works delivered using the Annual Service Contracts will be funded from the allocations in the Transportation Capital Programme

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	
Any legal implications are incorporated in the report	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

A timescale of Contract renewal has been established to ensure that new Contracts are signed some time in advance of the operational target date to ensure that any new Contractors are as familiar as possible with the Borough. However there may be some short term minor impacts on service delivery whilst the new Contractors fully establish themselves.

What consultations have taken place on the proposals and when?

The Head of Corporate Services & ICT has been consulted (FD 3489/15) and notes the report indicates no direct financial implications. To minimise risk it is proposed for this work is awarded to one contractor for each of the eleven Service Contracts with one reserve contractor, in case of poor performance by the primary contractor. One

OJEU notice will be placed inviting companies to express an interest in the one of more of the Lots.

Head of Corporate Legal Services (LD 2781/15) have been consulted and comments have been incorporated in the report

Are there any other options available for consideration?

There are a number of alternative proposals for delivering the Maintenance Work. Consideration has been given to engaging one Contractor for all the works that forms the Highway Maintenance Programme or by reducing the number of Contracts to a smaller number by joining similar activities together.

However, it is acknowledged that there is a risk that should the works be undertaken by one, or a small number of contractors, any poor performance of a Contractor would have a much greater impact both on service delivery and staff resources. As such, as the previous 5 year arrangement proved effective, it is appropriate to use this as a model for the Contracts going forward.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet.

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Background Papers:

None

1.0 Introduction

- 1.1 In May 2011 Cabinet Approved a Procurement Strategy for the setting up on 11 Annual Service Contracts (ASC) covering Highway related activities. This exercise was subsequently completed, Contractors appointed and Contracts formally established. These contracts are currently in operation and due to expire in July 2016.
- 1.2 As the Contracts are deemed to have worked well it is proposed to maintain the same number and scope of contracts and to adopt a very similar procurement process.
- 1.3 As the process advertising notice of tenders, shortlisting, assessing tenders returns and acting upon TUPE (where appropriate) can be reasonably time consuming it is intended to substantially complete the tender exercise during 2015, so that the new contractors are appointed, and can make the appropriate provision prior to the Contracts becoming live in July 2016.

2.0 Proposed Tender Process

- 2.1 It is proposed to seek tenders from suitably qualified contactors to deliver the following Contracts

HM1	Resurfacing
HM2	Road Markings
HM3	Weed Control
HM4	Signs Guardrail
HM5	Ground Maintenance
HM6	Gullies
HM7	Electrical Connections
HM8	Surface Treatments
HM9	Minor Works
HM10	Highway Maintenance
HM11	Pumping Station Maintenance

- 2.2 One OJEU notice will be placed inviting companies to express an interest in the one of more of the Lots.
- 2.3 Prospective contractors will then be required to complete a Pre Qualification Questionnaire. This will assess the contractor's financial standing and their relevant experience. A Panel, made up of 3 officers will assess the responses to the questions set out in the tender documentation for each of the ASCs and scores will be allocated to each contractor. Following this exercise a short list will be established for each contract.
- 2.4 Short listed Contractors will then be invited to submit a tender. These will be assessed on a price/quality basis in the ratio 85% price/15% quality. The Panel described above will assess and score the responses to the quality questions.

- 2.5 Due to the nature of the works the contracts have been priced as Schedules of Rates. Typical baskets of works have been developed for each contract (except Contract HM5 – Grounds Maintenance) to reflect the likely nature and volume of works to be undertaken. These baskets of work will be used to calculate a value of works for use in the assessment process for each contract.
- 2.6 The specification for each contract will be based upon ‘Specification for Highway Works’, as Volume 1 of the Manual of Contract Documents for Highway Works. These were adopted in the contracts currently being operated and were modified to include any specific local requirements.
- 2.7 As assessment of the operation of each of the current contracts is ongoing to determine the scope of any changes required to the Schedules of Rates and associated specifications to ensure that the contracts meet the Council’s current requirements.
- 2.8 The value of each contract will be dependant upon the volume of work being delivered in the Transportation Capital Programme from 2016 onwards. As a guide, the annual spend for each contract in 2013/14 was as follows;

HM1	Resurfacing	£0
HM2	Road Markings	£304,803
HM3	Weed Control	£125,785
HM4	Signs Guardrail	£368,376
HM5	Ground Maintenance	£285,629
HM6	Gullies	£197,859
HM7	Electrical Connections	£188,890
HM8	Surface Treatments	£1,062,133
HM9	Minor Works	£494,161
HM10	Highway Maintenance	£4,336,656
HM11	Pumping Station Maintenance	£94,533

Note - As Contracts HM1 and HM10 were awarded to the same Contractor and HM10 included the relevant items included in HM1, HM 10 was used for all resurfacing work.

- 2.9 The baskets will be reviewed and checked against the full Schedules of Rates submitted to ensure that any incorrect or anomalous rates provided by tenderers or incorrect or anomalous quantities within the basket can be rectified as required. This may require changes to the quantities to ensure the best value for money solution for the council.
- 2.10 Lot 5 – Grounds Maintenance has been priced as a “shopping list”. This will allow Sefton MBC to select the required extent of works (for example no. of grass cutting visits) to give the best value for money within the available budget.
- 2.11 This assessment will allow a financial score to be made and hence a combined price/quality score to be allocated to each Contractor

2.12 It is proposed that this Contract is awarded to one contractor for each of the Service Contracts with one reserve contractor, in case of poor performance by the primary contractor