

<b>SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 4</b>
<b>20 MARCH 2013</b>	<b>Public Report</b>

## Report of the Executive Director of Operations

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### **PETERBOROUGH HIGHWAYS SERVICE CONTRACT 2013 – 2023**

#### **1. PURPOSE**

1.1 This report is to inform the Committee on progress on the consolidation of the existing four highways contracts into one contract with a single partner.

#### **2. RECOMMENDATIONS**

2.1 That the Committee notes and endorses the actions taken, and to be taken, in connection with this procurement.

#### **3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY**

3.1 The Council has identified the following core outcomes which it is seeking to achieve through the proposed partnership arrangement:

- Environmental sustainability – delivering the City’s Environment Capital agenda;
- Growth and economy– delivering the City’s growth agenda and improving the skills of the City’s communities;
- Innovation – delivering high quality solutions to highway and engineering challenges, including support for innovative technology and SME’s;
- Skills Agenda - support the educational development and career attainment of young people in Peterborough. Including working with those from troubled backgrounds, young offenders and other vulnerable groups;
- Excellent customer service, recognising and working with our diverse communities;
- Responsive highway services - flexibility throughout services to operationally prioritise works to maximise efficiencies and effectiveness of the service as a whole and to respond at short notice to all types of incidents on the network.

The project is predominantly savings led thereby helping to deliver value for money for the Council. This anticipated saving is built into the Councils Medium Term Financial Strategy. Quality of service, environmental initiatives, innovation and growth are also key elements of the new contract strategy.

#### **4. BACKGROUND**

4.1 At present the Council has individual contracts with four main suppliers (See Appendix 1 for

details) for Highways Services relating to Street Lighting Maintenance, Drainage, Highways Term Maintenance and Professional Services relating to Highways. These contracts have a common end date of July 2013, with a mechanism to extend as per Appendix 1. Discussions with each incumbent supplier have taken place and the contract periods have all been extended until 30<sup>th</sup> September 2013.

The proposal is to award a single contract for 'Peterborough Highways Services' for the period 1<sup>st</sup> October 2013 to 30<sup>th</sup> September 2023. This will provide a sustainable working partnership that delivers high quality services and year on year financial savings. The initial term of the contract will be ten years, subject to continual performance, with the option to extend for two periods of five years (10 years plus 5 years plus 5 years).

The Council, with the support of its partner Serco, is procuring the new partnership through the Competitive Dialogue procedure under Regulation 18 of the Public Contracts Regulations 2006 (as amended). A Prior Information Notice (PIN) was issued in June 2012 seeking expressions of interest from prospective contractors. Both open and restricted procedures were considered and discounted due to the complexity of the services being tendered. The procurement stage began with the publication of an OJEU Notice published on 9<sup>th</sup> October 2012. This procedure is being used to ensure that the Council and potential partners can work jointly to shape the chosen solution.

The Competitive Dialogue process consists of the following stages:

	Issue / Start date	Date due back	Results to bidders
Pre-Qualification Questionnaire (PQQ)	9 <sup>th</sup> Oct 2012	9 <sup>th</sup> Nov 2012	27 <sup>th</sup> Nov 2012
Invitation to Submit Outline Solutions (ISOS)	25 <sup>th</sup> Jan 2013	25 <sup>th</sup> Feb 2013	n/a – Bidders identified that there was too much information required to enable them to submit a priced ISOS response within the timeline. As a result a decision was made to merge ISOS and ISDS stages. Bidders have submitted a quality response that will not be scored but will be used to inform the ISDS Competitive Dialogue.
Invitation to Submit Detailed Solutions (ISDS)	11 <sup>th</sup> March 2013	18 <sup>th</sup> April 2013	20 <sup>th</sup> May 2013
Call for Final Tender (CFT)	20 <sup>th</sup> May 2013	30 <sup>th</sup> May 2013	4 <sup>th</sup> July 2013
Contract Awarded	n/a	n/a	16 <sup>th</sup> July 2013
Mobilisation	4 <sup>th</sup> July 2013	n/a	n/a

The strategy and vision for the growth and planning of the city will remain with the Council, however, the Council requires a partner that is willing to support this agenda and put forward innovative solutions for facilitating and supporting growth. The core services that will be delivered by the contract are:

- Highways Maintenance

- Street Lighting
- Drainage
- Professional Services
- Structures
- Highways specific ICT solution to include an asset register

The Council is also discussing, through Competitive Dialogue, solutions for combining other highway specific services where this will provide tangible service delivery and financial benefits to the Council, or services related to the maintenance of areas of public realm, maintenance of Council property or public open space where they see a logical fit and subject to existing contractual arrangements permitting the procurement of such services. These additional services include:

- Highway Inspections including Safety and Detailed Inspections
- New Roads and Street Works Inspections
- Public Rights of Way
- Infrastructure Delivery

## 5. KEY ISSUES

5.1 There are no key issues for the Committee to consider.

## 6. IMPLICATIONS

6.1 The Contract will deliver Highways Services, excluding capital works over £500,000, across the whole unitary authority area. The anticipated annual value of the contract, to be explored further as part of the Competitive Dialogue sessions is:

£k	Core - Schedule of Rates	Core - Winter Mtc / Incident response	Core - Target Price Schemes >£50k	Additional Services	Total
Revenue	3,700	580	-	530	<b>4,810</b>
Capital	1,030	-	3,860	130	<b>5,020</b>
	<b>4,730</b>	<b>580</b>	<b>3,860</b>	<b>660</b>	<b>9,830</b>

A single contract should maximise savings that would otherwise not be achievable with individual contracts, and give greater opportunity to build on innovative ideas and develop wider integration of the services provided to enhance the customer experience.

Integration of the services and provision by a single partner will reduce the overall carbon footprint through optimisation of vehicle usage and combined efficiencies in waste disposal and recycling of materials. Wider opportunities to support Peterborough's Environment Capital aspiration and climate change targets will be explored.

Effective transition to the new contract requires mobilisation during the summer and early autumn period up to 1<sup>st</sup> October 2013. This avoids mobilisation during winter months thereby ensuring an effective winter maintenance service.

Given that much of the work in the current service is undertaken by the existing providers with only a limited number of Council employees to develop the specification work, it has been necessary to employ the services of specialist highways and procurement resources to aid this process. However there is still a dependency on the service leads to input and conduct review

of the key documents and ultimately approval of those documents to progress the project.

## **7. CONSULTATION**

7.1 Soft market testing has taken place along with a review of what approach is being taken by other local authorities.

The incumbent suppliers have also been approached.

## **8. NEXT STEPS**

8.1 The Invitation to Submit Detailed Solutions (ISDS) will be issued to prospective bidders on 11<sup>th</sup> March and the Competitive Dialogue at detailed stage commences on 18<sup>th</sup> March with submissions relating to this document due back on the 18<sup>th</sup> April 2013. The Call for Final Tender (CFT) is due to be issued on 20<sup>th</sup> May 2013 and is due back on 30<sup>th</sup> May 2013.

8.2 This decision will be included on the forward plan (ref KEY/18APR13/01) and a key cabinet member decision notice will be sought in July 2013 to award the contract to the preferred bidder.

## **9. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1
- The project Business Case
  - The Council's Medium Term Financial Plan
  - Notice published in Official Journal of the European Union
  - ISOS / ISDS documents

## **10. APPENDICES**

10.1 There is one appendix to this report.

## Contract Terms

Service	Supplier	Contract start date	Option to extend until	Scope
Highways Term Maintenance	Ringway Infrastructure Services Ltd	01/08/2005	31/07/2015	Routine Maintenance (localised patching repairs to the carriageway and footway and minor repairs to the highway drainage systems), Planned Maintenance (programmed scheme work (including resurfacing of footways and carriageways) and more major repairs to highway drainage systems), 24/7 Emergency Maintenance (responding to emergency situations on the highway including accidents and ensuring the safety of highway users either by affecting an immediate repair or signing and guarding the hazard until it is made safe), Winter Service (treatment of the highway network during the winter period including the pre-treatment of the precautionary network using gritting vehicles and hand spreading where necessary, localised spot treatment where unpredicted ice has formed and the removal of snow by ploughing or by hand), Safety Fencing (installation or replacement of damaged sections of safety fencing).
Highways Professional Services	Atkins Ltd	02/04/2007	31/03/2017	Design and Supervision of capital projects, Project and Performance Management, Policy and Tactical advice, Asset Management, Materials and Geotechnical advice and testing.
Street Lighting Maintenance	Volker Highways Ltd	01/04/2007	30/09/2015	Street light maintenance including illuminated signs and traffic bollards, traffic signals maintenance and monitoring.
Gully Cleansing	ADC East Anglia Ltd	01/04/2007	31/03/2014	Traffic management, emptying of gullies, manholes, catch pits, jetting, root cutting, and CCTV surveys of existing drains.

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