

TO: EXECUTIVE
11 MARCH 2014

AWARD OF PUBLIC REALM CONTRACTS
Director of Environment, Culture and Communities

1 PURPOSE OF REPORT

- 1.1 To seek approval to award contracts for Highways Maintenance and Works, for Street Cleansing and for Grounds Maintenance.

2 RECOMMENDATION(S)

- 2.1 **That Tenderer 3, as detailed in the confidential annexe, be awarded the contract in respect of Highways Maintenance and Works (Lot 1), with effect from 1st October 2014.**
- 2.2 **That Tenderer 5, as detailed in the confidential annexe, be awarded the contract in respect of Street Cleansing (Lot 2), with effect from 1st October 2014.**
- 2.3 **That Landscape Services, currently an internally provided service, be contracted to an external contractor, and that Tenderer 5, as detailed in the confidential annexe, be awarded the contract for these services - Grounds Maintenance (Lot 3), with effect from 1st October 2014.**

3 REASONS FOR RECOMMENDATION(S)

- 3.1 The recommendations are based on a detailed evaluation of all bids by an experienced senior management team from Environment, Culture and Communities Department, with significant support from Corporate Service's Procurement team.
- 3.2 The assessment process followed the structure identified within the procurement plan which was previously agreed by the Executive. As such there was a 60% weighting towards cost and 40% towards quality for Lots 1 and 2. Tenderers had to detail how they would provide elements of the service matched with relevant evidence and also provided detailed method statements. Consequently, the recommendations for Lots 1 and 2 provided the best combination of quality and cost from all tenders submitted.
- 3.3 With the prior approval of the Executive, the internal grounds maintenance service was benchmarked against external tenders. Only external tenders meeting pre-defined quality and cost thresholds, which reflect the internal service, were to be considered further. Tenderer 5 met the quality and cost thresholds set for them and provided the best combination of quality and cost from all tenders submitted.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Given the extensive work carried out in agreeing the structure of the contracts which was established by the Executive when agreeing the procurement plan in January last year, there are no practical options other than to award Lots 1 and 2 to the recommended contractors given that they best met the criteria established as part of the procurement plan and offer the best value for money overall.

Unrestricted

- 4.3 The Executive could decide to abandon the procurement for Landscape Services on the basis that the existing in-house service is well regarded, offers adequate value for money, has a proven record of success and any externalisation brings with it some additional risks. However, these factors were known prior to the procurement being commenced and the Transformation Board concluded that it would follow good practice if Grounds Maintenance was market tested. The assessment process also set a very high quality threshold which was explored in detail with potential contractors by officers and there is no reason to suspect that a high quality of service will not be delivered in the future. Risk was also accounted for by setting a minimum annual financial saving of £50,000 per annum if the quality threshold was met. Consequently, given the level of savings that will be possible by appointing an external contractor and the confidence that a quality of service will continue to be provided, there are no obvious barriers to awarding the contract for Grounds Maintenance to Tenderer 5.

5 SUPPORTING INFORMATION

- 5.1 In October 2012, the Environment, Culture and Communities Overview and Scrutiny Panel reviewed options about which services should be included in securing new public realm contracts and supported the concept of three contract “bundles” or lots. In January 2013, the Executive approved procurement plans for highways maintenance and works, street and public lighting (Lot 1); street cleansing (Lot 2); and landscape services (Lot 3). There were options for various combinations of all three lots. The Executive approved that with regards to Lots 1 and 2 any submissions should be assessed with a 60% bias towards costs and 40% towards quality; that the contracts be awarded for a 7 year period with the possibility of a further 7 year extension with performance mechanisms in place to either award added years or alternately reduce the term of the contract for poor performance; and considered other elements relating to the contracts. With regards to Landscape Services, it was agreed that an internal bid would not be required, but instead benchmarks for quality and price would be set with potential contractors having knowledge in advance of submitting bids what these thresholds would be.
- 5.2 With the exception of allowing an additional two months to refine specifications made possible by adopting a different approach to the street lighting service which was due to expire in April 2014 and which was driving the original time frames, the procurement plan as detailed to the Executive has been followed. (The approach to street lighting in the interim is to adopt a reactive maintenance programme only).
- 5.3 The project was advertised in OJEU in March 2013, and has been conducted in compliance with the Public Contracts Regulations using the Restricted Procedure. Tender lists for all 3 lots were selected using a prequalification process.
- 5.4 Each Lot was evaluated separately with Lots 1 and 2 on a Cost 60% Quality 40% basis. Tenderers were invited to propose discounts for combinations of lots, with an explanation of how this would be achieved. For Grounds Maintenance, a quality threshold of 80% had to be reached after which the contractor also had to derive sufficient genuine efficiencies to generate a minimum £50,000 annual saving for the Council.

Unrestricted

- 5.5 The current contractor for street cleansing undertakes work of a complementary nature for Bracknell Forest Homes. The internal landscape service undertakes work for most schools. Pricing for each of these items was incorporated in the tender process.
- 5.6 Lot 1 has been tendered using NEC3 Term Service contract terms and conditions, a nationally accepted standard in the industry, and successor to the terms used in the previous tender for highways maintenance (ICE). The structure and processes that form part of these terms and conditions emphasise the sharing of risk and close collaboration between supplier and customer. Members may recall that the Council commissioned IESE to review its highway services in 2012 and it made recommendations relating to the size and focus of the schedule of rates and to how price indices could be more effectively applied to any new contract. These have been included in the contract structure with significantly fewer items on the schedule of rates and different price indices being applied to different parts of the contract.
- 5.7 For all lots, clarification meetings were held with all contractors. These meetings scrutinised the proposals to ensure the evaluation team were as sure as reasonably possible that the tenders were sustainable in quality and price terms. All were rigorous but particular attention was given to grounds maintenance given the quality of the current in-house provision and also the inherent added risk of outsourcing to an external provider. In all lots, the evaluation team believe that the recommended contractors have all produced sustainable bids that offer value for money to the council.
- 5.7 Annexe 1 describes the evaluation process that was followed and gives more detail of the framework used to assess each tender. Confidential Annexe 2 gives the quality scores, price scores and overall assessment which gives rise to the recommendation within the report.
- 5.8 The Executive is asked to review the confidential annexe and determine who should be awarded the various public realm contracts.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The procurement has been carried out in accordance with the requirements of the Public Contracts Regulations and with the Councils contract standing orders. Lot 1 is to be let using NEC3 terms and conditions which are an industry standard and considered to be satisfactory for the Council's purpose. TUPE implications will arise on the acceptance of recommendation 2.3.

Borough Treasurer

- 6.2 The financial implications are detailed in the confidential annexe.

Equalities Impact Assessment

- 6.3 An initial screening has been carried out which demonstrated there were no equality matters to consider.

Strategic Risk Management Issues

- 6.4 The services under consideration are all high profile public facing services and any failure to provide a quality service could be detrimental to the council. Lots 1 and 2 are already provided by the private sector and the performance of the contractor currently delivering the services coupled with the rigorous assessment process highlights that risks associated with these services are considered low and what exists are considered manageable. Landscape Services is currently provided by an effective in-house team and any externalisation carries additional risks. However, the quality standards set in the procurement framework coupled with detailed discussion with the proposed contractor indicates strongly that risk is minimal and manageable.

7 CONSULTATION

Principal Groups Consulted

- 7.1 None as part of the procurement process.

Method of Consultation

- 7.2 Not applicable

Representations Received

- 7.3 Not applicable

Background Papers

Executive report: 8th January 2013

Contact for further information

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