

**MEETING OF EXECUTIVE**

28<sup>th</sup> May 2003

**DIRECTOR OF ENVIRONMENTAL SERVICES**

FOR INFORMATION / ACTION	NAME OF WARDS ALL
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**REPORT TITLE : APPROVAL OF THE AWARD OF CONTRACTS FOR HIGHWAYS MAINTENANCE**

Above  Below

**Confidential Line**

**Except for Appendices 1 & 2**

**1. Summary**

1.1 This report requests authority to award contracts as required by Contract Standing Order No 88. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to which supplier the contract should be awarded.

**2. Recommendations**

2.1 The Executive to give the approval to award the contracts for Highways Maintenance to the contractors recommended by the panel, as listed in Appendix 1.

**3. Financial Implications**

3.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k or works contracts exceeding £1 million shall be referred to the Executive for approval of the award of the contracts.

3.2 The contracts for the supply of the provision of Highways Maintenance will be let for an initial period of three (3) years, and are renewable for up to a further two (2) years, subject to satisfactory performance.

3.2.1 The estimated total value of the contracts over five (5) years is in excess of £27.0 million (as stated in the Executive Report dated 14<sup>th</sup> October 2002, which sought authorisation from the Executive to invite tenders).

#### **4. Staffing Implications**

- 4.1 There are no TUPE implications associated with the recommendations contained in this report.

#### **5. Legal Implications**

- 5.1 The estimated total value of the Highways Maintenance Works contracts is higher than the EU threshold for Works, and the award of the contracts is therefore governed by the European Public Procurement Regulations as well as the Council's own Standing Orders in respect of High Value Contracts and Financial Regulations.
- 5.2 Standing Orders require High Value Contracts to be returned to the Democratic Services Manager. In this case tenders were returned to the Director of Environment but arrangements were made to ensure that all tenders were stored and opened in a manner which ensured fairness and equality.

#### **6. Detail**

- 6.1 One of the recommendations from the recent Best Value Review of the Highway Maintenance Service (Transportation) was to explore alternative ways of packaging the works to demonstrate that the Council obtains value for money.
- 6.2 On 14<sup>th</sup> October 2002 the Executive granted the Director of Environment the authority to undertake a major tendering exercise of the six (6) existing Highways Maintenance Works Contracts to assess whether it is best for the Council to award these contracts together, or continue to let them separately. The contracts have been packaged in two ways: as one large combined contract and separately (as at present) with firms being asked to tender for both options. The final decision regarding award and choice of contract package options, will be made by the Council on value for money grounds. In order for this to occur the Executive gave permission for some of the existing contract arrangements to be altered so that all contracts will conclude at the same time on 30<sup>th</sup> June 2003, allowing for the new arrangements to start at the same time.
- 6.3 The contract documents were prepared using Institution of Civil Engineers (ICE) Conditions of Contract – Term Version, First Edition, September 2002. Contract specifications were amended to include the requirements of the Environmental Services Environmental Management System ISO 14001 and the Transportation Units Quality Management System ISO 9001:2000.
- 6.4 On 14<sup>th</sup> October 2002 the Executive granted the Director of Environment the authority to invite tenders adopting the European Public Procurement restricted 'two stage' process.
- 6.5 In November 2002 an advertisement was placed in the Official Journal of the European Community, in a Local Government Contracts Publication and in the local press inviting expressions of interest. In response to these adverts a total of 40 responses were received 'expressing interest' and firms were sent select list

questionnaires, including a draft 'specification of requirements', to complete and return by 6<sup>th</sup> January 2003.

- 6.6 A total of 34 completed select list questionnaires were received. 'Select list' shortlisting was carried out by a panel of appropriately qualified and experienced individuals who assessed the contractors' financial viability, technical ability and quality assurance system. This exercise resulted in 27 contractors being shortlisted for a variety of contracts and invited to formally submit tenders. Four (4) contractors were also invited to tender for all six contracts.
- 6.7 The 'select list' contractors were sent tender packs including tendering instructions, contract conditions and appropriate specifications.

## **7. Evaluation process**

- 7.1 All tenders had to be submitted to the Director of Environment no later than noon on 31<sup>st</sup> March 2003 and they were opened by two Council officers at Brent House.
- 7.2 Health & Safety sections of all submissions were evaluated by the Council's Health, Safety & Licensing Unit.
- 7.3 Submitted prices and the approach to service delivery and ensuring quality, were evaluated by Officers within the Transportation Unit. The methodology is outlined in appendix 1.
- 7.4 The panel met on 29<sup>th</sup> April 2003 and used evaluation sheets to score and note down their comments on how well each of the award criteria was addressed. The panel discussed and agreed their recommendations (see appendix 1). Evaluation results are summarised in appendix 2.

## **8. Background Information**

- 8.1 Procurement files
- 8.2 Executive Report dated 14<sup>th</sup> October 2002

*[Any person wishing to inspect the above papers should contact Chris Margetts, Transportation, Brent House, 349-357 High Road, Wembley, Middlesex HA9 6BZ.]*

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