



## **Highways and Environment Term Service Contract 2012**

### **Procurement & Contract Strategy**

October 2010

Version 5

**Procurement & Contract Strategy**

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## **Procurement & Contract Strategy**

### **0 Executive Summary**

- 0.1 This paper sets out the Procurement and Contract Strategy that Shropshire Council proposes to adopt for the procurement of Highways and Environmental Maintenance services, on expiry of its current arrangements in 2012. Its purpose is to clarify issues and provide a reference document for Members and Officers
- 0.2 The new contract provides the opportunity to extend the scope of work undertaken within the current Highways and Vehicle Maintenance Term Contract by the addition of street lighting, grounds maintenance, street cleansing and street scene services, which are currently carried out by a number of small legacy contract arrangements and DSOs.
- 0.3 The paper identifies the benefits that are being sought through the implementation of the Procurement and Contract Strategy. Separate chapters then address the following issues:
- Scope of Requirements
  - Contractual arrangements
  - Performance Management
  - Client organisation
  - Council property made available for Contractor's use
  - TUPE matters
  - Procurement process
  - Making services available to others
  - Collaboration with Cheshire West & Chester Council
  - Project Governance and Resources
  - Risk Register and Issues Log
  - Communications plan
  - Programme
- 0.4 The paper provides a framework for development of operational plans for each step of the procurement process.

## **Procurement & Contract Strategy**

### **1 Introduction**

- 1.1 Shropshire Council intends to procure a Term Service Contract for Highways and Environmental Maintenance to commence operations in April 2012 when current contracts expire.
- 1.2 The value of the new contract is likely to be around £20M per annum. Over a 10 year period the total contract value is likely to exceed £200 million. The Procurement and Contract Strategy will have a major bearing on the quality and cost of the future service and the achievement of value for money for the Council.

#### **Purpose of Report**

- 1.3 The purpose of this ***Procurement and Contract Strategy Report*** is to capture the significant issues around the procurement of the Highways and Environment Term Service Contract 2012 in order to:
- Clarify key issues for project team members and ensure common understanding of the proposed objectives and approach
  - Identify matters that require further work
  - Provide an agreed source of material for developing the Information Memorandum (IM) and Prequalification Questionnaire (PQQ) for Stage 1 of the OJEU procurement process
  - Provide a detailed timeline for procurement
  - Provide detailed information for reference when seeking Member support.

#### **Benefits sought through procurement and contract strategy**

- 1.4 The Procurement and Contract Strategy aims to secure the following benefits for Shropshire Council:
- “More for less” (essential in the face of public sector spending limits)
  - Economies of scale by combining highways and grounds maintenance
  - Best value through the tendering process
  - Rationalisation of contract management arrangements for works and services
  - Consolidation of grounds maintenance and highways depots
  - Carbon reduction in line with Corporate policies
  - Joint initiatives with Contractor to improve efficiency and to reduce costs of contract administration
  - Efficiencies through automated business processes
  - Use of commitment accounting for accurate targeting of limited budgets
  - Extending the use of appropriate technology (PDA / hand held computers / GPS / photos) for data collection, works records and asset data
  - Capturing asset data and works information as an intrinsic part of service delivery.

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**2 Scope of Requirements**

**Integrated works and services**

- 2.1 The proposed Term Contract will deliver an integrated maintenance service for Highways, Grounds, Street Scene, Vehicles and Equipment. This represents an extension of the scope of the current Highways Maintenance Term Contract by the addition of related services that were historically the responsibility of the former District Councils, prior to unification.
- 2.2 Street lighting maintenance is currently delivered county-wide though a separate maintenance contract, which runs to 2012. It is proposed that street lighting maintenance will also be included within the new Highways and Environment Term Service Contract.
- 2.3 Current delivery arrangements for the range of maintenance services that will be brought together under the new contract are summarised below:

<b>Maintenance Service</b>	<b>Current Provider</b>	<b>Current Annual Value (approx)*</b>	<b>Current Contract Expiry Date</b>
Highways & Vehicle Maintenance Service	Enterprise	£17.000M	31 March 2012
Grounds Maintenance (**except Shrewsbury and North East Shropshire)	Shropshire Council DSO	£1.340M	Not Applicable
Street Cleansing (**except South West Shropshire)		£2.000M	
Civic Works Shrewsbury	Enterprise	£0.110M	31 March 2012
Street Cleansing SW Shropshire	Veolia	£0.300M	30 Sept 2012
Street Lighting	Prysmian	£0.450M	31 Mar 2012
<b>Total annual value</b>		<b>£21.200M</b>	

**Note:**

- a) **\*Current Annual Value (approx)** relates to outsourced contract cost or direct service cost (excluding Shropshire Council's own management and supervision costs)
- b) **\*\*Exceptions** result from legacy arrangements prior to unification:
- i. Grounds maintenance within Shrewsbury remains a Town Council responsibility and has not transferred to Shropshire Council
  - ii. Grounds maintenance in NE Shropshire is contracted to Enterprise under the current Highways Term Contract (valued at £37k per annum)
- c) The Shrewsbury Street Scene Contract was originally set up by Shrewsbury & Atcham Borough Council under similar terms to the County-wide Highways Contract, with which it is co-terminus. The contract was awarded to Enterprise and includes maintenance of car parks, street name plates, street furniture and blacksmithing work.
- d) Incorporation of Urban Traffic Control (UTC) signal maintenance has been considered, but discounted for the time being as a new UTC maintenance contract with a 4 + 2 year term commenced in April 2010. Maintenance of traffic signals will be included in the OJEU Contract Notice to enable further consideration be given to its incorporation in the Highways and Environment Term Service Contract on expiry of the current UTC maintenance contract in 2016.

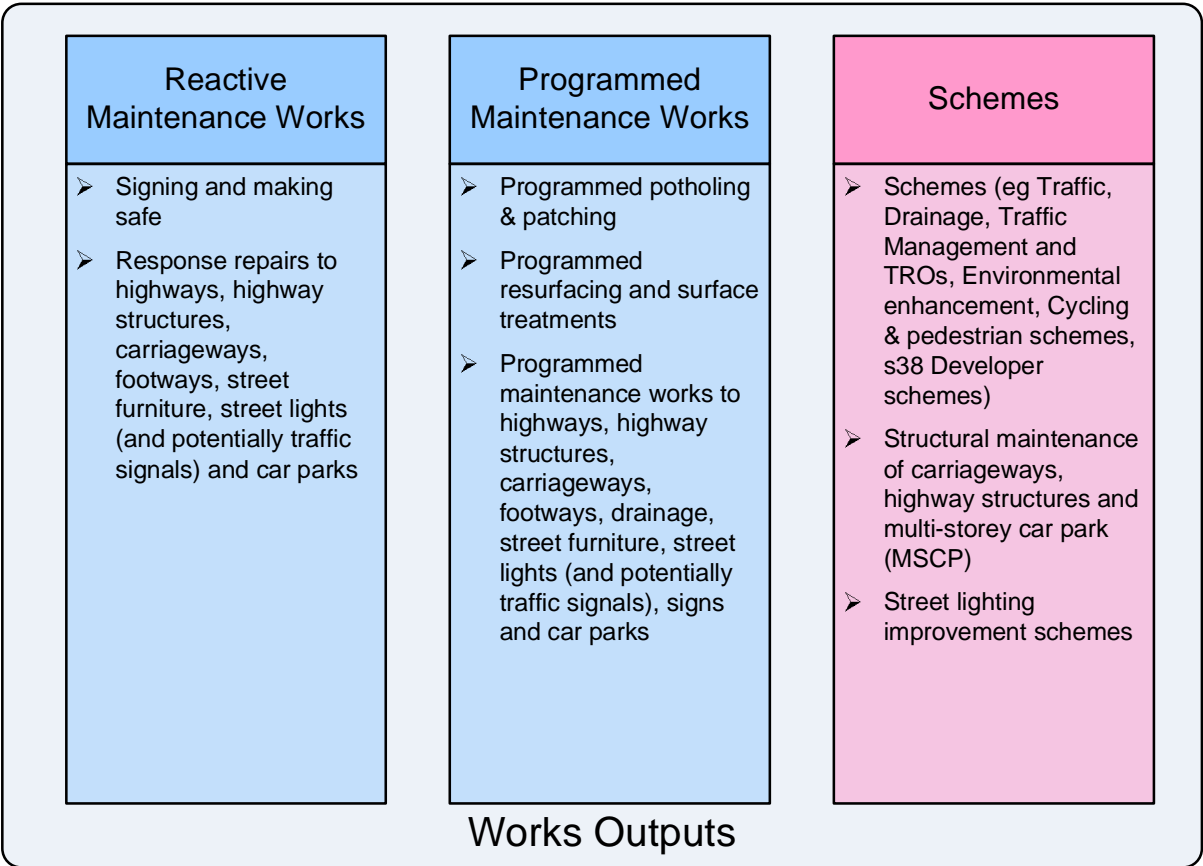
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2.4 The opportunity is being taken to rationalise service provision in order to deliver integrated highways and environmental maintenance services across the whole of Shropshire, and to eliminate historic anomalies. The key implications are :

- A single service provider will deliver integrated services
- An integrated client team, with expertise in the management of maintenance activities for highways, grounds, street scene and vehicle maintenance, will manage the contract.

**Works and Service Categories**

2.5 The contract will deliver both *Works* and *Services* outputs. Works outputs are illustrated in the figures below:



2.6 The timescale for undertaking **Reactive Maintenance Works** will generally be from an immediate response in the case of emergencies to 7 days, depending on the nature of the defect. Ordering and pricing arrangements will reflect the responsive nature of this work.

2.7 When maintenance works do not have to be completed in 7 days, they are considered *Programmable*, and fall into the **Programmed Maintenance Works** category. This category provides the Contractor with timing flexibility and enables the Contractor to organise work packages and manage resources for efficient execution.

2.8 The **Schemes** category of works represents projects of a more complex nature than Programmed Maintenance Works. Schemes may involve major maintenance works or projects to create or improve assets; schemes typically involve design work by the Client and the issue of detailed scheme drawings to the Contractor.

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2.9 The table below gives examples of the nature of these works and the assets to which the works apply for the three works categories.

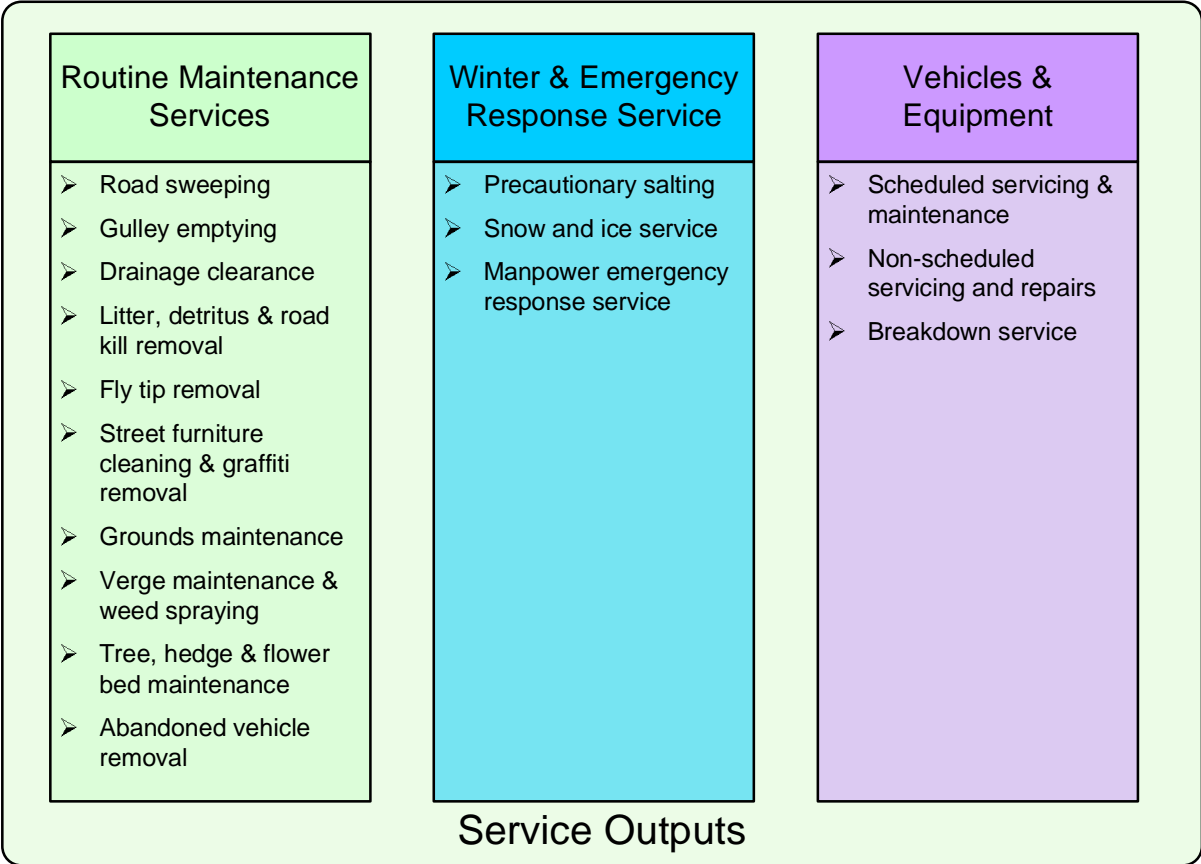
<b>WORKS OUTPUTS</b>		
<b>Reactive Maintenance Works</b>	<b>Programmed Maintenance Works</b>	<b>Schemes</b>
<b><u>Works:</u> Responding to hazards and making safe</b>	<b><u>Works:</u> Maintaining asset serviceability &amp; safety</b>	<b><u>Works:</u> Creating or improving assets</b>
<b><u>Reactive Works</u></b> <ul style="list-style-type: none"> <li>• Signing and make safe</li> <li>• Highways patching and minor repairs response</li> <li>• Kerbing and footway response</li> <li>• Bridges &amp; structures response</li> <li>• Drainage response</li> <li>• Street lighting response</li> <li>• Traffic sign and street sign response</li> <li>• Street furniture response</li> <li>• Road restraint system response</li> <li>• Road marking and studs response</li> </ul>	<b><u>Programmed Works</u></b> <ul style="list-style-type: none"> <li>• Programmed potholing and patching</li> <li>• Carriageway resurfacing</li> <li>• Surface treatment</li> <li>• Kerbing and footway maintenance works</li> <li>• Bridges &amp; structures repair &amp; maintenance works</li> <li>• MSCP repair &amp; maintenance works</li> <li>• Drainage maintenance works</li> <li>• Street lighting maintenance (bulk change &amp; clean)</li> <li>• Traffic sign and street sign repair &amp; maintenance works</li> <li>• Street furniture repair &amp; maintenance works</li> <li>• Road restraint system repair &amp; maintenance works</li> <li>• Road marking &amp; stud replacement &amp; maintenance works</li> </ul>	<b><u>Schemes</u></b> <ul style="list-style-type: none"> <li>• Traffic schemes</li> <li>• Drainage schemes</li> <li>• Traffic management and TROs</li> <li>• Highway improvement schemes</li> <li>• Street lighting improvement schemes</li> <li>• Environmental enhancement schemes</li> <li>• Cycling &amp; pedestrian schemes</li> <li>• s38 Developer schemes</li>   <li>• Carriageway structural maintenance schemes</li> <li>• Significant bridge maintenance and retaining wall works</li> <li>• Significant multi-storey car park maintenance works</li> </ul>
<b><u>Assets served</u></b> <ul style="list-style-type: none"> <li>• Highways</li> <li>• Cycle tracks</li> <li>• Footpaths</li> <li>• Car parks</li> <li>• Grounds</li> </ul>	<b><u>Assets served</u></b> <ul style="list-style-type: none"> <li>• Highways</li> <li>• Cycle tracks</li> <li>• Footpaths</li> <li>• Car parks</li> <li>• Grounds</li> </ul>	<b><u>Assets served</u></b> <ul style="list-style-type: none"> <li>• Highways</li> <li>• Cycle tracks</li> <li>• Footpaths</li> <li>• Car parks</li> <li>• Developer s38</li> <li>• Private land (drainage)</li> </ul>
<b><u>NRSWA:</u> Not Noticed / Noticed retrospectively</b>	<b><u>NRSWA:</u> Notice may be required</b>	<b><u>NRSWA:</u> 10 day or 3 month Notice</b>

Note: "Highways" includes boundaries, verges, footways, cycleways, carriageways and all associated street lighting, street furniture and drainage infrastructure.



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2.10 Service categories are illustrated in the figure below:



- 2.11 Services are activities that need to be undertaken on assets (without incorporation of materials) to preserve their functionality or to maintain a pre-set level of public amenity.
- 2.12 **Routine Services** can generally be scheduled well in advance, for example an annual round of gulley emptying or seasonal cycle of grass cutting. However there will be instances where these routine services have to respond to events. Response services cannot be carried out as efficiently as scheduled services and so may be subject to different payment rates, reflecting their reactive nature.
- 2.13 Each service will require a defined Performance Standard and detailed information on the extent and location of the assets to be maintained.
- 2.14 The table below expands on the nature of the services required under each of the categories.

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<b>SERVICES OUTPUTS</b>		
<b>Routine Maintenance Services</b>	<b>Winter &amp; Emergency Response Service</b>	<b>Vehicles &amp; Equipment Maintenance Service</b>
<b><u>Services:</u> maintaining asset serviceability, safety &amp; public amenity</b>	<b><u>Services:</u> Maintaining asset serviceability &amp; safety in winter</b>	<b><u>Services:</u> Maintaining vehicle &amp; equipment serviceability &amp; safety</b>
<b><u>Routine Services</u></b> <ul style="list-style-type: none"> <li>• Road sweeping</li> <li>• Gully emptying</li> <li>• Drainage clearance</li> <li>• Litter/chewing gum removal</li> <li>• Detritus removal</li> <li>• Street furniture / bus stop cleaning</li> <li>• Deep cleans</li> <li>• Visual amenity &amp; safety grass cutting</li> <li>• Verge maintenance</li> <li>• Weed spraying / removal</li> <li>• Flower bed maintenance</li> <li>• Hedge cutting</li> <li>• Prune and trim</li> <li>• Tree work</li> </ul> <b><u>Response Services</u></b> <ul style="list-style-type: none"> <li>• Fly tip removal</li> <li>• Graffiti removal</li> <li>• Body / drug spill</li> <li>• RTA response</li> <li>• Road kill removal</li> <li>• Abandoned vehicle removal</li> <li>• Stray dogs</li> </ul>	<b><u>Winter Service</u></b> <ul style="list-style-type: none"> <li>• Precautionary salting</li> <li>• Snow and ice</li> <li>• Salt / grit bins and stockpiles</li> </ul> <b><u>Workforce Response Service</u></b> <ul style="list-style-type: none"> <li>• Workforce response for Emergency situations: eg flooding, civil emergencies etc</li> <li>• Workforce to meet requirements for planned events (eg elections)</li> </ul>	<b><u>Scheduled Servicing &amp; Maintenance</u></b> <ul style="list-style-type: none"> <li>• Vehicle testing and servicing</li> <li>• Equipment testing and servicing</li> <li>• Calibration</li> </ul> <b><u>Breakdown Response Service</u></b> <ul style="list-style-type: none"> <li>• Breakdown repairs and recovery service</li> <li>• 24/7 helpline</li> </ul> <b><u>Planned Services</u></b> <ul style="list-style-type: none"> <li>• Major overhaul (eg Gritter summer overhaul)</li> <li>• Major modification</li> </ul>
<b><u>Assets served</u></b> <ul style="list-style-type: none"> <li>• Highways</li> <li>• Cycle tracks</li> <li>• Footpaths</li> <li>• Car parks</li> <li>• Grounds</li> </ul>	<b><u>Assets served</u></b> <ul style="list-style-type: none"> <li>• Highways</li> <li>• Cycle tracks</li> <li>• Footpaths</li> <li>• Car parks (non-statutory)</li> <li>• (as instructed)</li> </ul>	<b><u>Assets served</u></b> <ul style="list-style-type: none"> <li>• Council vehicles and equipment</li> </ul>
<b><u>NRSWA:</u> Not applicable</b>	<b><u>NRSWA:</u> Not applicable</b>	<b><u>NRSWA:</u> Not applicable</b>

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**3 Contractual arrangements**

**Form of Contract**

- 3.1 The standard form of contract will be NEC3 Term Service Contract, Option A, Priced Contract with Price List, published June 2005. The general provisions of this standard form are broadly similar to the NEC2 Engineering and Construction Contract (second edition November 1995) that was adapted for use with the current Term Highways contract. Key features of these contracts are the requirement to work in a spirit of mutual trust and cooperation, to give early warnings of matters that could affect the service and to cooperate in managing risk.

**Contract period**

- 3.2 The initial contract term will be 6 years from 1<sup>st</sup> April 2012. The Contractor will be able to earn contract extensions up to a maximum of 4 additional years by meeting performance targets.

**Contract pricing terms**

- 3.3 Schedules of Rates (SoR) will be priced by contractors at tender stage and the competitively priced schedules will form the basis for payment for the bulk of works and services ordered under the contract.
- 3.4 There will be separate rates for:
- Reactive works and services
  - Programmable works, services and schemes.
- 3.5 When works or services are required:
- The Client issues a Provisional Order
  - The Contractor prices the Provisional Order using the priced Schedule of Rates and provides a Quotation
  - The Client reviews the Quotation and if in agreement, orders the works or service.
- 3.6 It is anticipated that Client and Contractor will work very closely together (and possibly be collocated) to ensure the Quotation / Order / Verification / Payment system runs smoothly.
- 3.7 Target price mechanisms may be considered for limited elements of work.

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**Allocation of risk**

3.8 The table below illustrates where and how principal risks are allocated between Employer and Contractor:

<b><u>Contractor's Risks</u></b>	<b>Comment</b>
General Pricing risk	The vast majority of works and services will be paid for using the Contractor's tendered prices in the Schedule of Rates, so the Contractor bears pricing risk
Variation in volume and value	The volume and value of work ordered under the contract cannot be guaranteed A minimum threshold for annual value will be set which would trigger review and potential renegotiation of contract pricing structure
Weather disruption and standing time cost risk	The Contractor will be responsible for the Contractor's own costs and standing time arising from adverse weather conditions, including any costs or penalties associated with overrunning TMA possession times The Contractor will not be required to accept Winter Maintenance risk (see Employer's risk for Winter Maintenance Service cost risk), The Contractor will carry the risk of any consequential effects of providing the Winter maintenance (for example disruption of other planned activities)
Cumulative efficiency risk	The Contractor will be required to offer year-on-year efficiency cost savings (whether they are realised or not)
IT Interface risk	The Contractor will be required to accept the risk for establishing electronic interfaces to the Client's asset management systems, Confirm and TranMan
Equipment warranties	The Contractor will be required to offer equipment warranties in some instances excess of 12 months (to be defined in the Specification, eg for Street lighting equipment)
Retention	Retention will be held in the final 2 years of the contract against Contractor's potential liabilities under the contract
Performance Bond (X13)	Provision of a performance bond will be a contractual requirement
Low service damages (X17)	The Contractor will pay low service damages to the Employer if services fail to meet required service levels

<b><u>Employer's Risks</u></b>	<b>Comment</b>
Winter Maintenance Service cost risk	The Employer will bear the cost of the Winter maintenance service
Price adjustment for inflation (X1)	The Employer will bear the inflationary price adjustment risk (If this risk were shifted to the Contractor, it is anticipated that the resulting fixed rates over the whole potential period of 10 years would be at a considerable premium to first year rates, and would not give value for money)
Changes in the Law (X2)	The Employer will bear the risk of changes in the law that affect the service

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**4 Performance Management**

**KPIs**

- 4.1 KPIs will be developed to address all key aspects of works and services. The following principles will apply:
- At tender stage, tenderers will be required to offer their own service targets above the minimum requirement stated in the ITT; KPIs will carry significant weighting within the quality evaluation of the bid
  - The Contractor must provide KPI data monthly
  - Where possible KPI data will be generated directly from system data (eg from data held in Confirm)
  - The Contractor must maintain or improve standards each year.
- 4.2 The KPI regime will enable the Council to withhold a proportion of a monthly payment (determined by formula) if the monthly KPI targets are not met.
- 4.3 The Council will have the right to introduce new KPIs that it considers appropriate. These could arise from (for example):
- Obligations placed on the Council with respect to actions or targets (for example, related to climate change)
  - To meet Members' requirements
  - To ensure all key elements of the term service are appropriately monitored and managed.
- 4.4 If service levels fall below the Low Service Threshold, then Low Service Damages will be levied and no extension will be given for that period.
- 4.5 In the case of persistent poor performance, the Contractor could be in breach and the contract terminated.
- 4.6 Traffic Management Act (TMA) noticing will form a key part of performance management; arrangements (that parallel legislation) will be put in place such that failure related to noticing (or overruns) will incur charges or deductions in addition to (potential) Low Service Damages.

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**Contract Extensions**

4.7 The Authority will have discretion to award Contract extensions; performance against KPIs will be taken into account when considering the award of contract extensions.

4.8 The table below illustrates how extensions could be awarded; the award of a 12 month extension following successful achievement of KPIs in year 2 would encourage and reward early pursuit and achievement of KPI targets.

4.9 The table below illustrates the allocation of extensions; there must be two clear years at the end of the contract for procurement of a new contract:

Year	Source of Contract Year		Comment / Incentivisation	
1	Contract Year 1		<ul style="list-style-type: none"> <li>Settle in</li> <li>Initial set of measurable KPIs implemented</li> <li>Performance monitored</li> </ul>	
2	Contract Year 2		<ul style="list-style-type: none"> <li>Good performance generates <b>12 month</b> extension</li> </ul>	
3	Contract Year 3		<ul style="list-style-type: none"> <li>Good performance generates <b>6 month</b> extension</li> </ul>	
4	Contract Year 4		<ul style="list-style-type: none"> <li>Good performance generates <b>6 month</b> extension</li> </ul>	
<b>4 years possible extensions</b>	5	12 month extension from Year 2		<ul style="list-style-type: none"> <li>Good performance generates <b>6 month</b> extension</li> </ul>
	6	6 month extension from Year 3	6 month extension from Year 4	<ul style="list-style-type: none"> <li>Good performance generates <b>6 month</b> extension</li> </ul>
	7	6 month extension from Year 5	6 month extension from Year 6	<ul style="list-style-type: none"> <li>Good performance generates <b>12 month</b> extension</li> </ul>
	8	12 month extension from Year 7		<ul style="list-style-type: none"> <li>Good performance enhances re-bid credentials</li> </ul>
9	Penultimate Contract Year		<ul style="list-style-type: none"> <li>Good performance enhances re-bid credentials</li> </ul>	
10	Final Contract Year		<ul style="list-style-type: none"> <li>Good performance enhances reputation</li> </ul>	

4.10 The Council will retain the right NOT to award an extension even if KPI targets have been met, if circumstances arise in which an extension is not considered to be in the Council's best interests.

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**5 Client organisation**

**Contract management structure**

- 5.1 A client-side Contract Management Team will be constituted to manage the interface between Shropshire Council and the Contractor. A Service Manager will be identified in accordance with the terms of the Contract; authority for ordering works and services, and other tasks will be delegated to named individuals, subject to limits.
- 5.2 The client-side Contract Management Team will comprise some centrally-based personnel and key Area or Divisional Managers, who will have geographical responsibilities.

**Business processes and systems**

- 5.3 The Contractor will be required to interface electronically with Shropshire systems, including:
- Confirm (Highways asset management system)
  - TranMan (Vehicle asset management and servicing management system).
- 5.4 Tender documents will specify the input and output interface requirements and require tenderers to:
- Provide an outline project plan for creating, testing and implementing electronic interfaces within a given period (ideally within the mobilisation period, but no later than 6 months from Contract start)
  - A lump sum price to be paid on completion and successful operation of the interfaces.
- 5.5 Requirements for interface functionality are likely to include:
- Electronic orders
  - Electronic quotations
  - Electronic works programmes
  - Electronic asset inventory updates
  - Electronic GPS records (gritters; possibly sweepers and gulley emptiers)
  - Electronic transfer of H&S files
  - Electronic as-constructed details
  - Electronic invoices.

**Requirements for collocation of Client and Contractor staff**

- 5.6 A property strategy will be developed to optimise possibilities for collocation of client-side Contract Management Team members.
- 5.7 Where practicable, the objective of collocating client-side staff with the contractor's contract management personnel will be pursued.

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**6 Council property made available for Contractor's use**

**Depots, workshops and compounds**

- 6.1 Council owned depots, workshops and compounds will be made available to the Contractor, including:
- Highways depots and compounds
  - Grounds maintenance depots and compounds
  - Vehicle maintenance workshops.
- 6.2 The grounds maintenance equipment workshop at Coder Road Ludlow (collocated with the waste site) will not be required to support the new contract, and it is envisaged that facilities will be made available at Craven Arms.
- 6.3 The separate grounds maintenance depot at Alexandra Road, Oswestry will not be made available to the Contractor, who will be expected to operate from the current Oswestry highways depot.
- 6.4 The central vehicle workshops at Longden Road, Shrewsbury will be made available for the Contractor's use principally to maintain vehicles and equipment under the contract. The Contractor will be permitted to use Shropshire Council's vehicle workshop facilities to undertake vehicle maintenance work on other vehicles (provided that this does not have any detrimental effect on the maintenance of the Council's vehicles and equipment). In the tender documentation, the Contractor will be invited to offer a Business Discount to acknowledge availability of workshop facilities for work that is unrelated to the Shropshire Contract. The discount will be payable irrespective of whether the Contractor makes use of the facilities for servicing additional vehicles or not.
- 6.5 Shropshire Council Street Scene staff and Area Highways staff will be collocated in Area Offices to form new fully Integrated Area Teams.
- 6.6 Dilapidation surveys will be undertaken on transfer of operational responsibility of depots to the new Contractor; the Contractor will be responsible for dilapidations during the contract.

**Vehicles and Gritters (insured by Contractor)**

- 6.7 The Gritter fleet:
- Is owned by Shropshire Council
  - Will be insured and operated by the Contractor (thus responsibility for dealing with claims arising from the operation of the vehicles will lie with the Contractor)
- 6.8 Ownership will continue to be retained by the Council as a matter of policy to ensure security of availability of this essential equipment.
- 6.9 Sweepers are currently leased by Shropshire Council without provision for assigning leases to (as yet) unknown third parties. When the identity of the Contractor is known, a negotiation will take place to assign the leases to the new Contractor. If commercially acceptable terms cannot be agreed, then Shropshire Council will continue to hold the sweeper leases and will instruct the Contractor to use the sweepers and return them in an acceptable condition at the end of lease period. In these circumstances, the sweepers may be used only in Shropshire.
- 6.10 The Council will retain the right to inspect vehicles at any time and to be provided with evidence that vehicles are being properly maintained.



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**Equipment**

- 6.11 Grounds maintenance will be carried out by Shropshire grounds maintenance DSO until 31<sup>st</sup> March 2012 and thereafter by the new Contractor. Equipment related to this service will transfer to the new Contractor.
- 6.12 A cost item could be provided in the tender documents to enable the Contractor to give credit for the transferred equipment. This mechanism would enable the Contractor to price grounds maintenance with commercially viable unit rates in the Schedule of Rates, decoupled from the value of the transferred equipment.
- 6.13 Shropshire will operate grounds maintenance equipment for only one more growing season. A policy of repair and replacement (only if essential) will be implemented to minimise expenditure on equipment; there will be no enhancement of grounds maintenance equipment in this period.
- 6.14 In order to maximise the Contractor's freedom to manage operations with whatever plant is most appropriate, the Contractor will be able to choose to make use of the transferred grounds maintenance equipment, or to dispose of it.

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**7 TUPE matters**

**Potential TUPE transfers**

7.1 Potential TUPE transfers to the new Highways & Environment Term Service Contractor are as follows:

<b>Service</b>	<b>Current Provider</b>	<b>Approximate Number of Employees</b>
Highways & Vehicle Maintenance Service	Enterprise	190
Grounds Maintenance (except Shrewsbury and North East Shropshire)	Shropshire Council DSO	29
Street Cleansing (except Shrewsbury and SW Shropshire)		49
Civic Works Shrewsbury	Enterprise	2
Street Cleansing SW Shropshire	Veolia	8
Street Lighting	Prysmian	7
<b>Total</b>		<b>285</b>

7.2 Street scene and grounds maintenance personnel are currently integrated within a single DSO. It will be necessary to identify employees who will transfer and those who will remain with Shropshire Council carrying out client-side functions.

7.3 Consideration needs to be given to whether Dog Warden roles would transfer to the Contractor. It is suggested that wardens should remain with the Client function and work alongside Highway Inspectors and Street Scene Inspectors, with whom they could be integrated.

**TUPE information**

7.4 Shropshire Council will compile TUPE scoping information for its employees who will be subject to TUPE transfer under the new contract.

7.5 Shropshire Council will request current contractors, Enterprise, Veolia and Prysmian to provide TUPE scoping information and will provide guidance on the format in which the information is required.

7.6 TUPE scoping information will be included within tender documentation to assist tenderers in assessing their costs and liabilities.

7.7 Communications with Unions regarding TUPE matters will be via Chris Thomas.

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**8 Procurement process**

8.1 Procurement will be undertaken following a two-stage, OJEU-compliant process.

**OJEU Stage 1: Prequalification**

8.2 Documentation required for Stage 1 will comprise:

- Contract Notice (CN), advertising the opportunity in OJEU
- Information Memorandum (IM)
- Prequalification Questionnaire (PQQ)
- Selection criteria and weightings
- Details of the proposed evaluation process.

8.3 The PQQ and evaluation criteria will address:

- Financial standing and stability, and good standing
- Alignment with corporate policy issues eg environment / sustainability, H&S, equality & diversity etc
- Technical capability, capacity, experience and resources.

8.4 Details of evaluation criteria, weightings and the evaluation process must be agreed prior to publication of the Contract Notice. The evaluation process will require input from corporate specialists in addition to members of the technical team.

**OJEU Stage 2: Tender**

8.5 Documentation required for Stage 2 will comprise:

- Invitation to tender and instructions for tendering
- Contract terms
- Service specification (including overall aims and objectives)
- Technical specification
- Pricing document (unquantified schedule of rates)
- Performance management regime
- Evaluation criteria

8.6 A quantified price evaluation model will be prepared into which tenderers' costs for Schedule of Rates items will be inserted to derive notional annual contract values. Price sensitivity testing will also be undertaken.

8.7 Quality and cost evaluations will be combined (in a ratio to be determined) to derive the final tender ranking.

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**9 Making services available to others**

**Shropshire Council**

- 9.1 It is Shropshire Council's policy to minimise the number of separate contracts entered into for broadly similar services. The services procured through the Highways and Environmental Term Service Contract will therefore be made available to other Shropshire Council client groups.
- 9.2 Access to the term contract will be managed by the Shropshire Contract Management Team. It will **not** be possible for other Shropshire client departments to call off services directly from the contract at contract rates.
- 9.3 This possible extension of service provision within Shropshire Council must be referenced in the Contract Notice and Information Memorandum.

**Other Shropshire public bodies**

- 9.4 Similar arrangements could be put in place to enable other Shropshire-based public bodies (such as Fire and Rescue) or social housing providers (such as Severnside Housing) to participate. Again, it would be necessary for these third parties to pay Shropshire Council a fee to cover contract administration costs in addition to the direct cost of services and works.
- 9.5 Implications for management resource and how third parties might withdraw from these arrangements would need to be considered before any formal arrangements were set up. For example, the current lighting team would not be able to take over responsibility for managing street lighting assets that are currently the responsibility of Town and Parish councils with its current resource.
- 9.6 Any such proposals would require formal Service Contracts to be entered into between third party clients and Shropshire Council.
- 9.7 This possible extension of service provision within the geographical area of Shropshire must be referenced in the Contract Notice and Information Memorandum.

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**10 Collaboration with Cheshire West & Chester Council**

- 10.1 Cheshire West and Chester (CW&C) Council has similar Highways and Environmental maintenance requirements to Shropshire Council. Its current term contract expires in October 2012, 6 months after Shropshire's term contract.
- 10.2 There are well-established informal relationships between CW&C and Shropshire councils at officer and member levels, which have led to a shared recognition of the potential benefits of collaboration.
- 10.3 There are three potential levels of collaboration each of which is an extension of the previous level; these levels are being actively explored, and are summarised in the table below:

<b>Level</b>	<b>Comment</b>	<b>Potential Benefits</b>
<p><b><u>Level 1</u></b> <b>Informal Collaboration</b> (Two separate Tender packages)</p>	<ul style="list-style-type: none"> <li>• Liaison and collaboration during procurement stage while drawing up prequalification and tender documents</li> <li>• Tender documentation finalised independently by the two Authorities and issued directly by each as standalone tenders</li> <li>• Independent evaluation of tenders according to each Authority's stated evaluation criteria</li> <li>• Subsequent Contracts not linked in anyway</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing of best practice</li> <li>• Improved documentation</li> <li>• Learning and skills transfer</li> <li>• Would not need to be addressed in OJEU Contract Notice</li> </ul>
<p><b><u>Level 2</u></b> <b>Single Tender Package</b> (but two separate Contracts)</p>	<ul style="list-style-type: none"> <li>• Single tender package with 2 principal Lots for tenderers to price separately:               <ul style="list-style-type: none"> <li>○ Lot 1: For CW&amp;C's network &amp; technical requirements</li> <li>○ Lot 2: For Shropshire's network &amp; technical requirements</li> </ul> </li> <li>• Tenderers would be invited to offer Business Discounts for award of both Lots</li> <li>• Evaluation on the basis of best value for CW&amp;C and for Shropshire (could result in 2 different contractors or same Contractor for both authorities)</li> <li>• Separate contracts awarded by CW&amp;C and Shropshire</li> </ul>	<p>Benefits as for Level 1, Informal Collaboration, plus:</p> <ul style="list-style-type: none"> <li>• Could result in lower prices arising from Business Discount if both Lots awarded to same Contractor</li> </ul>
<p><b><u>Level 3</u></b> <b>Single contract</b></p>	<p>An extension of Level 2 whereby:</p> <ul style="list-style-type: none"> <li>• <b><i>IF</i></b> a single Contractor were awarded both Lots, a single Contract would be awarded</li> <li>• A single client-side team would be set up with officers from both authorities</li> <li>• A joint Client Board (CW&amp;C and Shropshire Senior Officers and Members) would provide client-side oversight</li> <li>• A joint Partnering Board (CW&amp;C and Shropshire Senior Officers and Contractor's Senior Executives) would oversee Partnering arrangements, innovation &amp; improvement and dispute resolution</li> </ul>	<p>Benefits as for Level 2, Single Tender Package, plus:</p> <ul style="list-style-type: none"> <li>• Savings in Client-side contract management (eg single Service Manager under the Contract)</li> <li>• Formal arrangements might drive efficiency and improvement further than voluntary informal arrangements</li> <li>• (Significantly more complex than Level 2)</li> </ul>

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**11 Project Governance and Resources**

**Project Board**

11.1 The procurement programme is overseen by a Project Board comprising the following personnel:

<b>Name</b>	<b>Position</b>	<b>Project Role</b>
Chris Edwards	Assistant Director Environmental Maintenance	Chair of Project Board
Paul Smart	Programme & Contracts Manager	Project Manager
Bob Ellis	Head of Highways	Member of Project Board
Ron Buzzacott	Head of Technical Services	Member of Project Board
Steve Brown	Head of Environmental Maintenance	Member of Project Board
Adrian Millward	Transport Operations Manager	Member of Project Board
Hugh Dannatt	Group Manager Traffic & Highway Engineering	Member of Project Board
Darren Merrill	Highway Asset Manager	Member of Project Board
Nigel Denton	Procurement Manager	Procurement adviser
Chris Thomas	Personnel Officer	HR adviser
Lindsey Blackall	Solicitor	Legal adviser
Carol Fox	Health & Safety Manager	H&S adviser
Rachel Strivens	Sustainability Manager	Sustainability adviser

11.2 Elected Members are involved through personal briefings from Tom McCabe, Director of Development Services and Chris Edwards, Assistant Director of Environmental Maintenance.

11.3 Project Board meetings are held monthly, attended by Board Members and by other officers and consultancy support as required.

**Consultancy support**

11.4 Additional technical support to the Project Board is provided under the Council's Term Consultancy Contract with Mouchel.

11.5 Additional Legal advice (if required) will be obtained through the Council's Legal and Democratic Services team.

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**12 Risk Register and Issues Log**

- 12.1 A Risk Register has been created for the project. It lists key procurement risks and identifies mitigation measures.
- 12.2 An Issues Log has been created for the project. It lists issues and identifies the process whereby they will be resolved.

**13 Communications plan**

- 13.1 It is essential that communications with key stakeholders are appropriately managed; key stakeholders include:
- Elected Members
  - The current Term Contractor, Enterprise
  - Shropshire staff regarding their potential TUPE transfer
  - Unions
  - Other contractors, whose contracts will be affected and whose staff may be involved in TUPE transfers, ie Prysmian, Veolia, Enterprise Shrewsbury
  - Potential tenderers from the specialist marketplace of Infrastructure maintenance service providers
  - Local Joint Committees and members of the public
  - Press and media.
- 13.2 A Communications Plan will be drawn up. Any media communications will be routed via the Council's Press and PR Manager.

**14 Programme**

- 14.1 The project programme has been built around the key programme date for commencement of operations under the new contract of 1<sup>st</sup> April 2012. Allowances have been made for mobilisation and TUPE transfer periods post contract award. The OJEU Prequalification and Tender periods allowed for in the programme exceed the statutory minima.
- 14.2 A Project Gantt chart is attached at Appendix 1.

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**Appendix 1 - Procurement Gantt Chart**

