

Transformation of Highways Services Sub Committee Agenda

Date: Wednesday, 30th March, 2011
Time: 10.00 am
Venue: Mayors Reception Room - Municipal Buildings Crewe

The agenda is divided into two parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Appointment of Chairman**

To appoint a Chairman for the meeting.

2. **Apologies for Absence**

To note any apologies for absence.

3. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda

4. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the Committee.

Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given. It is not required to give notice of the intention to make use of public speaking provision, however, as a matter of courtesy, a period of 24 hours notice is encouraged.

For requests for further information

Contact: Cherry Foreman

Tel: 01270 686463

E-Mail: cherry.foreman@cheshireeast.gov.uk with any apologies or requests for further information or to give notice of a question to be asked by a member of the public.

5. **Minutes of Previous meeting** (Pages 1 - 2)

To approve the minutes of the meeting held on 20 December 2010.

6. **Transformation of Highways Services Progress Report** (Pages 3 - 8)

To consider progress to date on the highways procurement project.

7. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

PART 2 – MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT

8. **Highways Procurement - Evaluation of Detailed Solutions**

Report to follow.

9. **Date of Next Meeting**

To confirm the date of the next meeting; at present the next meeting is scheduled for 6 June 2011 at 3.30 pm.

CHESHIRE EAST COUNCIL

Minutes of a meeting of the
Transformation of Highways Services Sub Committee
held on Monday, 20th December, 2010 in Committee Suite 1 & 2, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillors J Macrae and P Mason

Councillors in attendance:

Councillors R Domleo, D Flude, A Moran, L Smetham, D Stockton and
G Walton.

Officers in attendance:

Head of Environmental Services, Head of Regeneration, Senior Lawyer
Corporate and Commercial Team and Strategic Director Places.

20 APPOINTMENT OF CHAIRMAN**RESOLVED**

That Councillor J Macrae be appointed Chairman for the meeting.

21 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R Menlove.

22 DECLARATIONS OF INTEREST

There were no declarations of interest.

23 PUBLIC SPEAKING TIME/OPEN SESSION

No questions had been submitted by Members of the public.

24 MINUTES OF PREVIOUS MEETING**RESOLVED**

That the minutes of the meeting held on 17 November 2010 be approved as a correct record subject to it being noted that Councillor D Brickhill had only been present for part of the meeting.

25 TRANSFORMATION OF HIGHWAYS SERVICES - PROGRESS REPORT

Consideration was given to the progress to date on the highways procurement project. In accordance with the recommendations of the external legal advisors a

competitive dialogue process was being conducted and the bidders had submitted their Outline Solutions. Members were informed that the submissions comprised twelve method statements forming the qualitative information, a mark up of the contract, and % fee and local overhead cost but that a detailed financial assessment would be done at the next stage.

The Outline Solutions had been evaluated and scored by a number of officers and the report detailed the proportion of marks awarded for each area of the submission. In addition information was given on the details of the payment and performance framework strategy to be adopted and it was noted that a set of indicators were being developed which linked to the objectives of the Highways Procurement to ensure that those issues of most concern to the Council were monitored.

The timetable for the remainder of the process was outlined, and it was noted that this included increased member involvement in the process.

RESOLVED

That the report be noted.

26 DATE OF NEXT MEETING

RESOLVED

That the future meeting dates be noted.

27 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

28 HIGHWAYS PROCUREMENT SHORTLIST OF BIDDERS

An evaluation of the bids received was circulated at the meeting, along with a detailed explanation of the evaluation process.

RESOLVED

That approval be given for the three bidders listed as E, A and B to be invited to go through to the next stage of the procurement process.

The meeting commenced at 3.55 pm and concluded at 4.20 pm

Councillor J Macrae (Chairman)

CHESHIRE EAST COUNCIL

REPORT TO: TRANSFORMATION OF HIGHWAYS SERVICES SUB COMMITTEE

Date of Meeting: 30 March 2011
Report of: Strategic Director - Places
Subject/Title: Transformation of Highways Services
Portfolio Holder: Cllr Rod Menlove / Cllr Macrae

1.0 Report Summary

- 1.1 The procurement of the new " Highway Maintenance Contract" is a key work stream within the Total Transport Transformation Programme which is one of six major transformations projects supported by the Council.
- 1.2 Our roads are a corporate policy and their condition has been deteriorating for several years, consultation has also confirmed that most stakeholders recognise that they should be a priority for the Council.
- 1.3 As a customer-focused Council, the Council aims to transform the delivery of future highways services, including replacement of the current term maintenance contract, as appropriate to driving improvement in highway condition perception across Cheshire East.
- 1.4 This report provides Cabinet Sub Committee with an update on progress made on the Highways procurement project.

2.0 Decision Requested

- 2.1 To formally endorse the recommendation to be provided on the day.

3.0 Reasons for Recommendations

- 3.1 The Authority needs to have a new service provider in place by October 2011 to undertake the delivery of the Highways Services.
- 3.2 To provide strategic input to the procurement process.

4.0 Wards Affected

- 4.1 All Wards are potentially affected by the proposal.

5.0 Local Ward Members

- 5.1 All Ward Members are potentially affected by the proposal.

**6.0 Policy Implications including - Climate change
- Health**

- 6.1 The Total Transport Transformation programme is providing the framework for this project and will address major policy issues including climate change. One of the drivers for the new highways service will be to deliver cost efficiencies and to limit our carbon emissions.
- 6.2 Policy implications are one of the drivers within the identified Key Drivers for service.

7.0 Financial Implications 2010/2011 and beyond (Authorised by the Borough Treasurer)

- 7.1 Within the Places Directorate, there are significant resource requirements attached to moving towards the delivery of the preferred option for delivering Highway Services. It should be noted that this procurement exercise will require the use of staff input from the Places Directorate and other key services which will be supported by external professional advisors to ensure successful delivery project.
- 7.2 Additional consultancy services deployed on the project are being financed by approved use of the Council's Invest to Save reserve. Further use of Invest to Save monies may be called upon in 2011/12.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 A procurement of this importance and size requires a significant investment of time and resource if it is to be a success. It is also important that the service delivery model and procurement route are the 'best fit' for the required outcomes.
- 8.2 External legal advisers (Bevan Brittan) have been engaged and have provided clear advice to procure using the competitive dialogue (CD) procedure. However, the timescale for doing this has had to be reduced by some months in order to deliver a new service to be mobilised in time for the cessation of the existing arrangements.

9.0 Risk Management

- 9.1 There are always risks, financial, safety and reputational in the procurement and delivery of Highways Services, particularly in relation to the level of customer focus, winter maintenance and managing road works. One of the benefits of exploring the options appraisal and selection process is to be transparent and to ensure there is a Member understanding of the different options.
- 9.2 Due to complexity of the proposed Highway procurement it is not best dealt with under the restricted procedure and there would be a very real risk that the Authority would end up with written Tenders that did not fully meet its requirements. The authority would have a much better chance of getting a highways contract that's meets its needs from conducting a competitive dialogue process, albeit a very tightly timetabled competitive dialogue.
- 9.3 One significant issue to consider going forward will be the transfer of risk and determining where best a risk should lie under the proposed new arrangements; this

will contribute significantly to the shape and nature of the client organisation as well as cost allocation.

- 9.4 The CD process would not normally be delivered in the timescale that is available. There is a risk associated with the timetable and that can only be mitigated by ensuring that the procurement is appropriately resourced. There is undoubtedly a mature market for this work, but it needs to be properly managed within a relatively slick process so that the outcome can be delivered on time.

10.0 Background and Options

- 10.1 A report was presented to Cabinet Sub Committee on the 20th December 2010 which updated the members on the current progress.

11.0 Progress and Next Steps

- 11.1 The bidders have submitted their Detailed Solutions on the 28th February.
- 11.2 The submissions are formed of the following:
- 10 method statements forming the qualitative information
 - mark up of the contract
 - pricing information relating to 12 sample schemes covering significant elements of the service.
- 11.3 During the period between 1st March and 4th April the Detailed Solutions will be evaluated. The evaluation is being undertaken by a number of CEC officers. Officers have been allocated specific method statements to evaluate and must mark them individually. On the 14th and 15th March officers met and agreed the score for each question. The financial evaluation and contract mark-up has also been scored. The result of this exercise will be one score per bidder.
- 11.4 The proportion of marks for each area of the submission is as follows:

ISOS stage	Score
Approach to service delivery	50%
Financial	35%
Legal and Commercial	10%
Integrity and deliverability of proposals	5%

Payment and performance framework

- 11.5 The proposed payment mechanism to be used is target cost. This approach allows changing budgets to be managed without having to pay compensation to the contractor.
- 11.6 The contractor's performance will be influenced by the performance indicators that are being developed.

- 11.7 A set of indicators are being developed which link to the objectives of the Highways Procurement to ensure that those issues of most concern to the Council are monitored.

Staff Communications

- 11.8 The staff stakeholder group has met a number of times to talk about the procurement process, thin client structure and TUPE issues. The group has met with the shortlisted bidders at their premises.

Communicating with Members

- 11.9 The Procurement team have taken the advice of the Scrutiny panel with respect to increased member involvement in the process. This has been addressed by the creation of the Overview group and on-going involvement of the Transformation of Highways Sub-Committee. A series of meetings have been planned with the two groups and the programme has been amended to ensure the Overview group and Sub-Committee's timely involvement.

Programme

- 11.10 The programme remains very challenging. The key dates are as follows:

- Call for final Tender: 4th April – 6th June 2011
- Notification of intent to award, on or about: 6th June 2011
- Contract start 6th October 2011.

12.0 Timetable

- 12.1 The timetable is challenging and a truncated process is not something that is normally undertaken and should not be taken on lightly. Therefore there must be some risk associated with this and it is very important to provide sufficient resources to delivery the procurement on time.

13.0 Resources

- 13.1 So far, external solicitors, Bevan Brittan, have been secured using a government Framework with competitive rates available and providing us with advisers that have considerable experience in this field. They will provide both legal and procurement expertise to supplement the in-house input.

- 13.2 The council has also secured the assistance of Happold Consulting – the council require support and advice throughout this transition process from the identification of contract scope and duration though to contract signature. It is the intention of Cheshire East Council to use the EU competitive dialogue procedure to select an appropriate service delivery contractor. Happold have been secured using a government framework and will support the Council in the development and delivery of a procurement and change programme for its highways services including:

- Development of procurement strategy
- Support during PQQ stages
- Support during competitive dialogue procurement stages
- Development of contract conditions

- Development of service level specifications
- Development of payment mechanism and performance management
- Tender evaluation and contract award
- Mobilisation and implementation of new arrangements
- Support in staff structure development and training

14.0 Overview of Year One and Term One Issues

None

15.0 Access to information.

The background papers relating to this report can be inspected by contacting the report writer:

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