

AGENDA

Cabinet

Date: **Thursday 13 June 2013**

Time: **2.00 pm**

Place: **The Council Chamber, Brockington, 35 Hafod Road,
Hereford**

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

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Agenda for the Meeting of the Cabinet

Membership

Chairman

Councillor AW Johnson

**Councillor H Bramer
Councillor RB Hamilton
Councillor JW Millar
Councillor PM Morgan
Councillor RJ Phillips
Councillor GJ Powell
Councillor PD Price**

AGENDA

Pages

HEREFORDSHIRE COUNCIL

Notice has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

| Item No | Title | Portfolio Responsibility | Scrutiny Committee | 28 Day Notice Given |
|---------|-------------------------------|--------------------------|-------------------------------|---------------------|
| 4 | Streetscene – Major Contracts | Major Contracts | General Overview and Scrutiny | Yes – 1 May 2013 |

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To receive any declarations of interest by Members in respect of items on the Agenda.

3. MINUTES

To approve and sign the minutes of the meeting held on 16 May 2013.

7 - 8

4. STREETSCENE - MAJOR CONTRACTS

To inform Cabinet of progress with the Streetscene major procurements that are currently underway and seek approval for officers to proceed to award contracts to put in place new service delivery arrangements for 1 September 2013 when current contracts come to an end.

9 - 38

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HEREFORDSHIRE COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 16 May 2013 at 2.00 pm

Present: Councillor JG Jarvis (Chairman)

Councillors: H Bramer, RB Hamilton, AW Johnson, PM Morgan, GJ Powell and PD Price

In attendance: Councillors AM Atkinson, JA Hyde, P Rone, WLS Bowen, MAF Hubbard, TM James, JW Millar, PA Andrews, BA Durkin, J Hardwick, FM Norman, AJW Powers and SJ Robertson

92. APOLOGIES FOR ABSENCE

Apologies for absence were received for Councillor RJ Phillips, Cabinet Member Enterprise and Culture.

93. DECLARATIONS OF INTEREST

There were no declarations of interest made.

94. MINUTES

RESOLVED: That the Minutes of the meeting held on 18 April be approved as a correct record and signed by the Chairman.

95. SERVICE BUDGET REDUCTIONS AND FUTURE FINANCIAL PLANNING

The Cabinet Member, Financial Management, recommended to Cabinet that the Service Budget Reductions and Future Financial Planning report is put to the meeting of the full Council on 24 May, to allow all Members the opportunity to debate the budget proposals. The Leader seconded the recommendation.

RESOLVED

THAT: Cabinet referred the proposed actions in Agenda Item 4 to an extraordinary Council meeting to be held on 24 May 2013 concerning the reshaping of Council services and to ensure the necessary steps are taken to deliver a balanced budget in 2013/14.

96. SECTION 75 PARTNERSHIP AGREEMENT BETWEEN HEREFORDSHIRE COUNCIL AND HEREFORDSHIRE CLINICAL COMMISSIONING GROUP

The Cabinet Member Health and Wellbeing presented the Assistant Directors' for Children's and Adult services report on the Section 75 Partnership Agreement. This is the financial agreement between Herefordshire Council and Herefordshire Clinical Commissioning Group for 2013 to 2014, which agrees the extension to the existing Section 75 until the 30 June 2013, whilst work continues to develop a 'fit-for-purpose' new partnership agreement for 2013/16.

The following comments were made in discussion:

- In response to a question on Government proposals for integrated working, Cabinet was reminded that the Council had and would continue to facilitate integrated working, which provided officers with clear pathways for working.
- It was felt that the partnership between the Council and the PCT (Primary Care Trust) had cost the Council financially a considerable sum of money.
- In response to a question on the involvement of scrutiny with regards to accountability, the director advised that this was not relevant to the document before Cabinet, however, scrutiny would have a role in overseeing activity.
- In response to a question on finance the director advised that pooled budgets would be in operation, which was made up of funds from each organisation and managed by the Council for all parties. Any risk or increases would then be shared by the parties involved. The Rag rating provided an indication of how monitoring would be carried out to ensure everything was on track.
- Concern was raised regarding contract monitoring. The director advised that individual officers would be responsible for the monitoring.
- Members agreed the recommendations, which would include an additional recommendation 'd' regarding delegated authority.

RESOLVED

THAT:

- a) the financial schedule for 2013/14 at Appendix D of the report (page 26) be approved on behalf of the Council;**
- b) an extension and novation of the existing Section 75 was agreed until June 30 2013;**
- c) the work in progress on a new Section 75 Agreement was endorsed, with a final document to be approved by 1 June; and**
- d) delegated authority be given to the Director for People's Services in consultation with the Cabinet Member Health and Wellbeing to sign off the final Section 75 Agreement on behalf of the Council.**

The meeting ended at 3.30 pm

CHAIRMAN

| | |
|-------------------------|---|
| MEETING: | CABINET |
| DATE: | 13 JUNE 2013 |
| TITLE OF REPORT: | STREETSCENE – MAJOR PROCUREMENTS |
| PORTFOLIO | MAJOR CONTRACTS |
| REPORT BY: | ASSISTANT DIRECTOR PLACE BASED COMMISSIONING |

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

Notice has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

3. Wards Affected

County-wide

4. Purpose

To inform Cabinet of progress with the Streetscene major procurements that are currently underway and seek approval for officers to proceed to award contracts to put in place new service delivery arrangements for 1 September 2013 when current contracts come to an end.

5. Recommendation(s)

THAT:

- a) **Cabinet authorises the Director for Places and Communities ('the Director') to enter into the contract for Public Realm Services with X ('the preferred bidder'), subject to the Director receiving from the preferred bidder satisfactory confirmation of tender commitments;**
- b) **In the event the Director (in his opinion) has not received satisfactory confirmation of tender commitments from the preferred bidder, Cabinet authorises the Director to enter into the contract for Public Realm Services with Y ('the reserve bidder'), subject to the Director receiving from the reserve bidder satisfactory confirmation of tender**

commitments;

- c) **In the event the Director (in his opinion) has not received satisfactory confirmation of tender commitments from either the preferred bidder or the reserve bidder, Cabinet authorises the Director to enter into the contract for Public Realm Services with Z ('the second reserve bidder'), subject to the Director receiving from the second reserve bidder satisfactory confirmation of tender commitments;**
- d) **Cabinet authorises the Director (in consultation with the Chief Officer Finance and Commercial, and the Cabinet Member for Major Contracts) to conclude the procurement of Building Services, Building Cleaning, and Ancillary Services; and award contracts to the successful tenderers; and**
- e) **Thanks are extended to all bidders for the courteous, prompt and productive way in which they have all participated in these procurements.**

6. Key Points Summary

- The partnership with Amey was considered as part of Streetscene Review. In July 2012, Cabinet decided not to extend the current arrangements but to re-procure the services currently within the scope of the service delivery contract.
- The procurement strategy was developed using the feedback received during the market consultation and consultations with members, staff, and other stakeholders. The approach taken aimed to re-commission the services to ensure value for money, deliver savings and meet Cabinet objectives. The approach to these procurements was considered by General Overview and Scrutiny Committee on 13 May 2013 which noted the approach and recommended that financial information in relation to Public Realm services covers capital and revenue, stakeholders are provided with feedback in relation to the approach taken and that Town and Parish Councils are actively engaged in relation to locality service delivery as part of mobilising the new public realm services.
- Four related procurements have been established to put in place new arrangements from 1 September 2013:
 - Public Realm;
 - Building Services;
 - Building Cleaning; and
 - Ancillary Services.
- The recommendations from the public realm procurement are presented at Appendix A. Cabinet are requested to approve the recommendations and delegate authority to the Director of Places and Communities to complete the process of putting in place the new arrangements.
- It is proposed to put in place two significant contracts covering Building Services and Building Cleaning. These procurements are being carried out under the EU restricted

procedure and this report seeks delegated approval to conclude this process and award contracts, in consultation with the Cabinet Member for Major Contracts. Minor ancillary services not covered by these contracts will in future be procured under standing orders offering maximum opportunities for small and medium sized enterprises (SMEs) to tender for such work.

7. Alternative Options

- 7.1 None. Not accepting the above recommendations could result in a challenge to the Public Realm procurement process which would delay contract award, result in significant costs to the Council and affect service continuity in these important front line services

8. Reasons for Recommendations

- 8.1 To conclude the procurement processes required to put in place new contractual arrangements to ensure service continuity from 1 September 2013 when the current arrangements come to an end.

9. Introduction and Background

- 9.1 In July 2012, after a period of negotiation with Amey, Cabinet decided not to extend the current arrangements but to re-procure the services currently within the scope of the existing service delivery contracts. In September 2012 a market consultation was carried out to inform the approach to commissioning the services in scope. A procurement strategy was developed to guide the re-commissioning of the services to ensure value for money, deliver savings and meet Cabinet's further objectives. In October 2012 a programme of related procurements commenced to put in place new contractual arrangements from 1 September 2013. This report explains the approach and sets out the timetable for completing the process through to the award of contracts.

10. Key Considerations

- 10.1 The decision not to extend the current contracts with Amey was taken by Cabinet in July 2012. The council currently has two contracts with Amey: one with Amey Consulting for professional services; and one with Amey Wye Valley to provide a variety of works and services, together these contracts are referred to as the Herefordshire Service Delivery Partnership. The re-procurement of services contained within these current contracts is required to put in place new arrangements to start on 1 September 2013.
- 10.2 The procurement strategy has taken into account the following constraints and principles:
- a. The need to ensure service continuity at the end of the current Herefordshire Service Delivery Partnership. This partnership is due to end on 31 August 2013.
 - b. Any future arrangements must continue to support the developing localism agenda and Herefordshire's localities strategy.
 - c. Local organisations should be encouraged and supported to bid for and deliver services commissioned by the council.
 - d. The arrangements will be commissioned in line with Herefordshire Council's commissioning principles.

- 10.3 This project includes important local services which influence the daily lives of all local residents as well as corporate services to all parts of the organisation.
- 10.4 The services currently delivered by the Herefordshire Service Delivery Partnership are outlined in broad terms below.

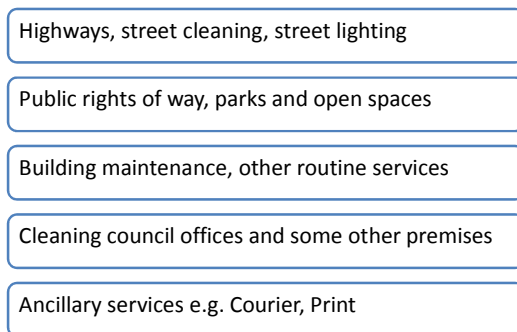


Figure 1 Scope of services

- 10.5 The procurement strategy was developed to deliver the required outcomes, define the scope and structure of contracts, and ensure compliance with European procurement rules. It was informed by a number of sources of information including: the World Class Highways project, highways asset management, the market consultation which took place in the second half of 2012; a review of property services; feedback from Members; and feedback from other stakeholders (the Chamber of Commerce, Business, Parishes, Your Community Your Say and the National Highways and Transport Survey).
- 10.6 The World Class Highways project was carried out during 2012. Herefordshire Council played a lead role in the development of a framework to assess current delivery against a “World Class Highway Service” in collaboration with the West Midlands Highway Alliance. The project engaged stakeholders from Amey’s operatives to Members. It assessed how effective the highway service is at delivering outcomes and identified areas for improvement, including increased opportunities for efficiency and savings. It has helped us develop the requirements for the re-procurement of highway services.
- 10.7 It is clear that the condition of roads in the county is an important factor influencing overall satisfaction with Council services. In addition, from an asset management perspective, roads in poor condition are more expensive to maintain than roads in good condition. Herefordshire needs capital investment in order to bring the roads up to an acceptable standard and reduce the on-going maintenance costs. One objective of the procurement process is to ensure the availability of a facility for up-front investment in the highways asset. This investment will be available via the new provider. They will also be charged with developing a proposed capital investment programme that is designed to optimise road quality while minimising overall spend. The ability of bidders to meet this requirement has been confirmed through the procurement process. The preferred bidder will be required to develop a business case for consideration by Cabinet prior to the council committing to this investment. It is currently anticipated that this will be the subject of a report to Cabinet in July.
- 10.8 Following analysis of the above information, four groups of services have been taken forward as separate but related procurements. The scope and timetable for this is set out below:

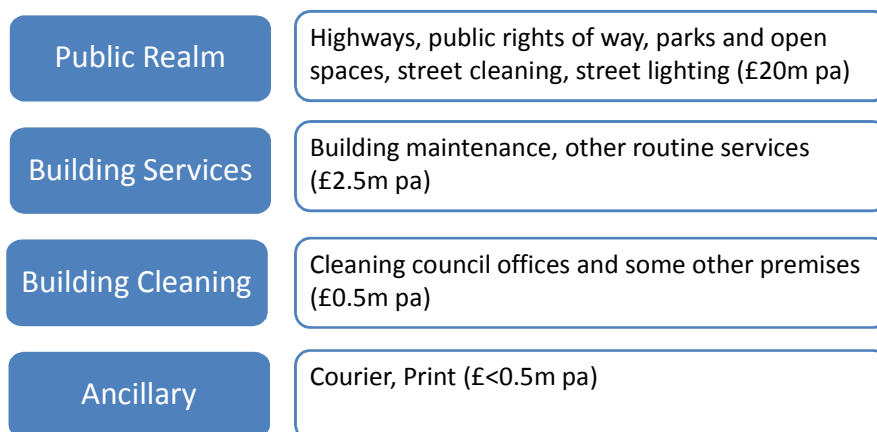


Figure 2 Scope of procurement projects

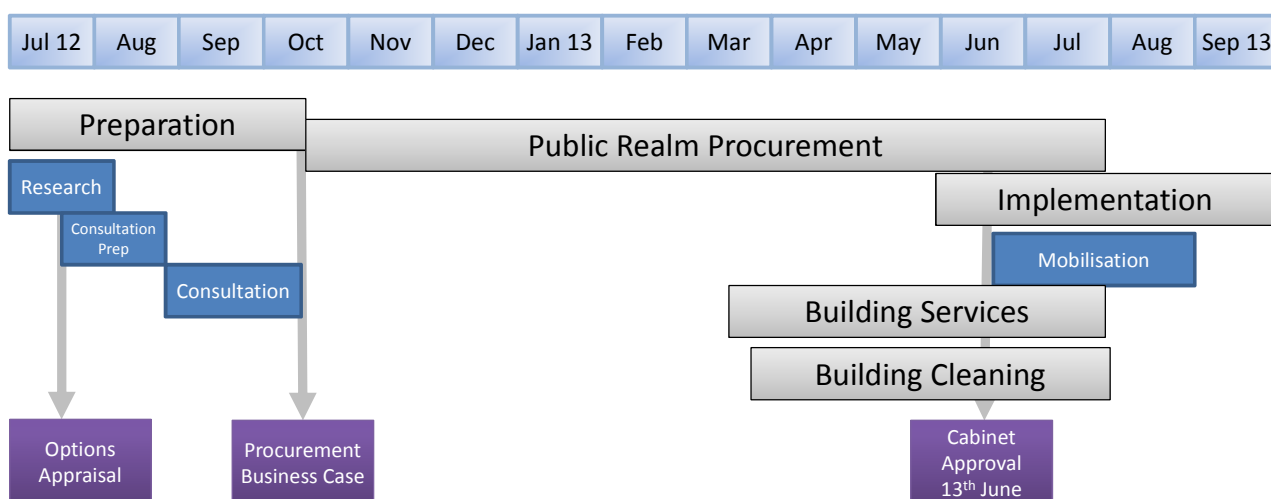


Figure 3 Procurement timeline

Overall outcomes and benefits expected

10.9 The following summarises the outcomes agreed with Cabinet which are being sought from this programme of procurements. They have been used to guide the procurement process, the evaluation of tenders and the terms of the Public Realm Services contract:

- ensuring the Public Realm is accessible, safe, clean and well-maintained;
- developing a business case for the investment of up to £20 million in the highways network to provide on-going savings in maintenance costs;
- maintaining the delivery of essential services;
- achieving value for money, facilitated by process improvement and transparency through open book accounting;
- achieving service delivery which is efficient and responsive to local needs and priorities; and
- contributing to the regeneration of the economy and social capital in Herefordshire.

Public realm procurement recommendation

- 10.10 The results of the completed scoring of each tender will be **announced by the Cabinet Member for Major Contracts at the Cabinet Meeting** which will complete the table set out within Appendix A. This is necessary to maintain confidentiality prior to the meeting and enable communications to the bidders and their employees to be appropriately managed. The completed table will identify the scores obtained by the three bidders in the process (Bidders X; Y and Z). Appendix A outlines the procurement evaluation methodology used. Appendix C (Descriptive Document 2 (CDP) Public Realm (V1 0) 2012 10 21)) outlines the details of the procurement process as set out to bidders at the commencement of the procurement process. This process has been followed without delay or variation.
- 10.11 The procurement recommendation is for the highest scoring bidder to be confirmed as the Preferred Bidder and for Cabinet to authorise the Director for Places and Communities ('the Director') to enter into the contact for Public Realm Services on behalf of the Council. Subject to receipt of that approval, work will progress to confirm the tendered commitments made by the Preferred Bidder before the Public Realm Contract is entered.
- 10.12 If the Director is not satisfied with the confirmation of the Preferred Bidder's tendered commitments, it is recommended that Cabinet authorises the Director to proceed to confirm the commitments made by the second highest scoring bidder (the Reserve Bidder) and, if satisfactorily confirmed, to enter into the contact for Public Realm Services on behalf of the Council.
- 10.13 If the Director is not satisfied with the confirmation of the Reserved Bidder's tendered commitments, it is recommended that Cabinet authorises the Director to proceed to confirm the commitments made by the third highest scoring bidder (the Second Reserve Bidder) and, if satisfactorily confirmed, to enter into the contact for Public Realm Services on behalf of the Council.
- 10.14 The dialogues with bidders have enabled us to secure commitments in relation to the approach to service delivery. These include:
- a. Initial capital investment in the highways asset: the proposed preferred bidder has proposed the development of programmes of highways improvements that will reduce the long term requirement for reactive maintenance. The aim is to improve our approach to management of the roads and to reduce the long term requirements for revenue spend;
 - b. Support the localities agenda – the proposed approach encourages community involvement and local prioritisation of service delivery;
 - c. Support for the local supply chain – the new arrangements look to widen the competition for services giving local companies more open and transparent opportunities to bid for the work
 - d. Support for economic regeneration within Herefordshire.
- 10.15 The Public Realm Contract has been developed in consultation with our legal advisors, Bevan Brittan. It is based on the industry standard New Engineering Contract (NEC) contract model. This gives the security of a tried and tested industry standard contract but developed and enhanced for our local needs. The contract will have an initial 10 year term with possibility of extensions based on successful delivery of strategic performance measures. A high level description of the contract is included at Appendix C.

Building Services

- 10.16 The Building Services contract procurement has been designed to balance increasing opportunities for smaller and medium sized companies while avoiding the need for the Council to create a significantly larger organisation to manage a large number of contracts. The specifications that have been developed include encouragement to deliver a range of community benefits.
- 10.17 The contract will be NEC based and will have an initial term of 3 years with possible extensions up to a further 2 years. This balances the need to offer the market a contract that will allow them to recoup the cost of mobilisation with the flexibility to fit in with any future approach to the delivery of asset management and property services given the current review and likely changes to the council's estate.
- 10.18 The procurement is being carried out under the EU restricted procedure. Invitations to tender have recently been issued and the project is on target to put in place new arrangements by 1 September 2013. Cabinet is asked to delegate the award of contracts to officers in consultation with the Cabinet Member for Major Contracts.

Building Cleaning

- 10.19 The Building Cleaning contract will follow the same process as Building Services. The contract will again be for 3 years with a possible extension of 2 further years. The timetable for the building cleaning procurement is shown above.
- 10.20 The procurement is being carried out under the EU restricted procedure. Invitations to tender are due to be issued shortly and the project is on target to put in place new arrangements by 1 September 2013. Cabinet is asked to delegate the award of contracts to officers in consultation with the Cabinet Member for Major Contracts.

Ancillary Services

- 10.21 Demand for ancillary services such as printing and courier services has been reducing over recent years as the organisation has moved to more electronic means of communication. As such these services do not form a major procurement process and Commercial Services is undertaking small scale procurement activity to better reflect demand. Due to the nature of these services and the associated values, such services will be procured in accordance with normal standing orders offering maximum opportunities for small and medium sized enterprises (SMEs) to tender for work.

Ensuring best practice

- 10.22 The procurement process has been supported with external advice from legal, procurement, financial and technical experts. This external advice has been used to provide a greater level of confidence in the agreements reached. Bevan Brittan are providing legal support, Bevan Brittan have advised on the EU procurement issues in relation to the letting of the Northamptonshire, Plymouth, Buckinghamshire, Southampton, Warwickshire, Cheshire East and Hertfordshire highways maintenance arrangements and are presently advising in relation to the Gloucestershire highways contract. All were procured using competitive dialogue except for Warwickshire and Gloucestershire, which was, and is being, procured using the restricted procedure. All these procurements were delivered in accordance with procurement programmes and without challenge. Happold are providing technical support. Happold have been involved in a number of procurements for highways services and are also currently advising Gloucestershire Council.

Next Steps

Contract Award and Mobilisation

10.23 The procurement programme is outlined in figure 3. Assuming that the recommendations of this report are accepted, contracts will be awarded to the successful bidders by the end of June / early July for public realm and early August for other contracts. This will then enable the providers to mobilise the services in time to commence by 1 September. As part of the mobilisation and early stages of each contract, the Public Realm provider will be expected to engage with stakeholders and put in place its new ways of working. A communications plan will be developed to ensure that stakeholders are made aware of the new arrangements. In particular, Town and Parish Councils will be contacted with reference to public realm services to ensure engagement in service delivery, an understanding of their requirements and exploration of ways of working together to deliver services that meet local needs through further development of initiatives such as the Lengthsman scheme. In addition, the Public Realm provider will work with the Council to prepare the business case for capital investment in the highway network for consideration by Cabinet.

Conclusion

10.24 The Streetscene Major Procurements cover a wide range of services which are essential to meeting the needs of communities across Herefordshire. The procurement strategy to put in place new arrangements for these services has been developed over the past year based on the objectives of the Council, feedback from stakeholders and commercial considerations. This report details the results of the public realm procurement and confirms that the other procurements are on target to deliver their objectives. Cabinet is asked to approve the recommendations to enable contracts to be put in place.

11. Community Impact

11.1 The services covered by these procurements are highly visible to the whole community and are vital to the maintenance and development of the highway network which represents one of our most important assets. The procurements will ensure that arrangements put in place will encourage community engagement and will be responsive to priorities within Localities.

12. Equality and Human Rights

12.1 Equalities and diversity requirements have been integrated into the procurement process and an equality impact assessment will be carried out before the new arrangements are in place.

13. Financial Implications

13.1 The current expenditure on the services within the scope of the Streetscene procurements is in the region of £25million per annum covering capital and revenue. The re-procurement of services has been conducted on the clear understanding that savings can and will be achieved. The expenditure in relation to these services will be managed within the funding available whilst working with providers to deliver efficiencies and improvements. The ongoing management of the contractual arrangements will be important. The Council will need to work with its chosen providers to continually review and improve the delivery of services. The procurement process has sought to ensure that chosen providers are clearly

focused on achieving on-going efficiencies and savings for the benefit of Herefordshire. The costs associated with the procurement of these services have been budgeted for within the current financial year.

- 13.2 Expenditure in relation to public realm services covers both revenue and capital elements. Expenditure in recent years has varied in line with demands placed upon the service (for example reflecting severe weather conditions), delivery of major projects and variations in government grant levels. Overall expenditure has been as follows, including current year expected expenditure:

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|----------------------------|---------|---------|---------------------------------------|---------|
| Revenue expenditure | £8m | £10m | £11m (incl. additional flood repairs) | £7m |
| Capital expenditure | £13m | £11m | £9m | £11m |

14. Legal Implications

- 14.1 The procurements referred to in this report are being undertaken in accordance with relevant legislative requirements, in particular the European procurement rules and where staff transfers are involved, the Transfer of Undertakings (Protection of Employment) Regulations 2006. In addition to support from Legal Services, specialist external legal support is being provided by Bevan Brittan.

15. Risk Management

- 15.1 Risks are being managed throughout these procurement projects and detailed risk registers are in place with appropriate mitigation identified. A number of key risks have been identified which are set out below.
- 15.2 **Risk:** Slippage to the procurement timetables outlined above could present a risk to service continuity and savings. **Mitigation:** Additional resources have been allocated to the project to guarantee that specialist and technical support is available to ensure the procurements proceed to plan.
- 15.3 **Risk:** The services within scope are high profile front line services and any break in service or reduction in service quality during transition could negatively affect the reputation of the Council. A relatively short mobilisation period has been allowed for within the plan which may result in service delivery risk during transition. **Mitigation:** A robust approach to mobilisation planning is being incorporated into each of the procurements to ensure the providers put in place service delivery arrangements for the 1 September 2013. This will include clear communication plans to explain the new arrangements to our customers and stakeholders. We have been working closely with Amey to manage this process and commitments have been made to ensure full cooperation during any transition. In the Public Realm procurement, all bidders have provided fully resourced programmes setting out how they will undertake mobilisation. The costs of mobilisation have been provided and have been capped.

- 15.4 **Risk:** The nature of the Public Realm Contract is deliberately flexible to be able to respond to changing priorities, needs and budgetary constraints. Service delivery needs to be planned in advance of each financial year but will not be the same in each financial year. **Mitigation:** Whilst the Provider will be expected to take the lead in the planning the delivery of services (based on sound asset management principles) the Council will need to be properly resourced to set the appropriate strategic objectives and manage and interrogate cost information in order to better understand the true cost base for the Public Realm services and continue to drive efficiency, innovation and improvement.
- 15.5 **Risk:** Given the scale and complexity of these services the risks will be many and varied over the term of the contract. It is essential that both the client and provider recognise and work to manage risks, as they are apportioned between them, if they are to achieve the Council's objectives through the contract. As such it is essential that the Council mobilises the appropriate client contract management resources and supports their effective operation throughout the term of the contract, if the potential for enhanced value for money realised through the procurement of Public Realm services is to be made real. **Mitigation:** Client mobilisation will be run in parallel with the mobilisation of the provider of Public Realm services.

16. Consultees

- 16.1 Consultation was carried out during the Streetscene Review to inform the development of the procurement strategy outlined within this report. This included engagement with Members, parish councils, key stakeholders, including local communities, in consultations on future service priorities as appropriate. The approach to these procurements was considered by General Overview and Scrutiny Committee on 13 May 2013 which noted the approach and recommended that financial information in relation to Public Realm services covers capital and revenue, stakeholders are provided with feedback in relation to the approach taken and that Town and Parish Councils are actively engaged in relation to locality service delivery as part of mobilising the new public realm services.

17. Appendices

- 17.1 A Public Realm procurement approach and tender evaluation recommendation
- 17.2 B High level description of the public realm contract.
- 17.3 C Description of Public Realm Competitive Dialogue Process and Timetable as issued to Bidders. (Descriptive Document 2 (CDP) Public Realm (V1 0) 2012 10 2) (Attached)

18. Background Papers

- 18.1 None

Appendix A - Public realm procurement approach and tender evaluation recommendation.

The objectives for the procurement of public realm services agreed with Cabinet in October 2012 were:

- Initial capital investment / asset management goals to improve the quality of the highway network
- Revenue savings
- Demonstration of value for money, efficiency, and risk management
- Service quality outcomes and improved customer experience
- Local spend / support for local economy
- Volunteering, community engagement and increased social capital
- Local tailoring of service delivery – locality teams
- Future flexibility in service delivery
- Customer service improvement – end to end

The procurement process was designed to deliver these objectives with a great deal of emphasis being placed on the providers' ability to deliver up-front investment and their commitment to Herefordshire's economy, local communities, and public realm customers.

The process was developed in line with the European procurement rules. The competitive dialogue procedure was used to allow us to develop the solution with the bidders during the process. The result is a set of proposals that meet the Council's objectives and identify innovations that will deliver future efficiency improvements.

The 3 bidders were invited to submit a final tender as a result of the competitive dialogue procurement process outlined in Appendix B. The tender documents developed had contribution from the highways; procurement; sustainability; ICT and customer service teams plus external legal and specialist advisers.

The scores obtained by the 3 bidders were as follows and will be announced by the Cabinet Member for Major Contracts at the Cabinet Meeting:

| | Bidder X | Bidder Y | Bidder Z |
|------------------------------------|-----------------|-----------------|-----------------|
| Score | | | |
| Percentage of Maximum Score | | | |

The evaluation criteria for the final tender was as follows:

| | Evaluation Aspect | Overall Score 750 Marks / % of Overall Score |
|-----------|---|---|
| | Methods to Ensure the Achievement of Contract Objectives | 300 marks / 40.00% |
| B1 | Highways Asset Investment Programme Management & Business Case | 70 |
| B1a | Highways Asset Investment (draft business case format) including summary programme of the timescale for sourcing the investment including carry out due diligence | 05 |
| B1b(i) | Strategic approach to ensure revenue cost reductions | 15 |
| B1b(ii) | Optimum predicted investment at the commencement of the investment programme | 15 |
| B1c(i) | Strategic options for sourcing the investment | 15 |
| B1c(ii) | Strategic options for payback with sample costings | 15 |
| B1c(iii) | How savings will be demonstrated in terms of mark-up on work and the cost of investment | 05 |
| B2 | Street Lighting Investment Programme Delivery Commitments | 25 |
| B2a | Timescales for delivery including the predicted payback period | 10 |
| B2b | Predicted energy and carbon savings | 10 |
| B2c | Predicted maintenance savings & warranties on replacement columns and lanterns | 05 |
| B3 | Locality Working (Lengthsman & Community Enablement) Delivery Commitments | 30 |
| B3a | Facilitation of Community Enablement | 15 |
| B3b | Support for the Lengthsman Scheme | 15 |
| B4 | Economic Regeneration Delivery Commitments | 40 |
| B4a | Up-skilling delivery commitments | 15 |
| B4b | Initiatives to promote local development opportunities | 15 |
| B4c | Support of supply chain diversity | 10 |
| B5 | Customer Services and ICT | 30 |
| B5a | Overview of your customer service systems approach | 15 |
| B5b | Information to be displayed and customer fault reporting channels | 15 |

| | | |
|-----------|---|-----------|
| B6 | Environmental Management Delivery Commitments | 30 |
| B6a | Carbon emission reduction | 15 |
| B6b | Waste minimisation, management, recycling and composting and water reduction | 10 |
| B6c | Biodiversity and climate change adaptation | 05 |
| B7 | Efficiencies and Innovations Delivery Commitments | 45 |
| B7a(i) | Public Realm Efficiencies: techniques and equipment | 15 |
| B7a(ii) | Public Realm Efficiencies: systems and processes | 15 |
| B7b | Initiatives for cost reduction and income generation | 15 |
| B8 | Open Book Accounting Transparency Assurances | 30 |
| B8a | Visibility of Disallowed Costs | 05 |
| B8b | Visibility of Sub contractor Costs | 05 |
| B8c | Reporting against Service Orders and in accordance with the Schedule of Cost Components for this Contract | 15 |
| B8d | Processes and procedures to ensure timely and accurate cost capture | 05 |

| | | |
|------|--------------------------------------|---------------------------|
| | Method Statements | 110 marks / 14.67% |
| | Executive Summary | Unmarked |
| C1. | Network Management | 10 |
| C2. | Highways Routine Maintenance | 10 |
| C3. | Emergency and Out of Hours Response | 10 |
| C4. | Highways Schemes and Improvements | 10 |
| C5. | Electrical Installations | 10 |
| C6. | Highways Drainage | 10 |
| C7. | Street Cleaning | 10 |
| C8. | Public Rights of Way | 10 |
| C9. | Water Management | 10 |
| C10. | Greenspaces, Parks, Verges and Trees | 10 |
| C11. | Mobilisation | 10 |

| Pricing | | 265 marks / 35.33% |
|----------------|---------------------------------------|---|
| D.A.1 | Local Management Overhead | Please see below for details of the Final Tender Price evaluation methodology. |
| D.A.2 | Winter Service Standby | |
| D.B.1 | Highways Routine Maintenance | |
| D.B.2 | Emergency and out of hours response | |
| D.B.3 | Streetlighting routine maintenance | |
| D.B.4 | Traffic signal routine maintenance | |
| D.B.5 | Highways drainage routine maintenance | |
| D.B.6 | Street cleansing | |
| D.B.7 | Highways verges | |
| D.B.8 | PROW Services | |
| D.B.9.1 | Capital Scheme 1 | |
| D.B.9.2 | Capital Scheme 2 | |
| D.B.9.3 | Capital Scheme 3 | |
| D.B.9.4 | Capital Scheme 4 | |
| D.B.9.5 | Capital Scheme 5 | |
| D.B.9.6 | Capital Scheme 6 | |
| D.B.9.7 | Capital Scheme 7 | |
| D.B.9.8 | Capital Scheme 8 | |

| Deliverability | 75 marks 10.00% |
|--|------------------------|
| <p>Deliverability is defined that the proposal is shown via the submission of supporting evidence to be realistic; credible and capable of satisfying the Contract Objectives and Requirements. The Contract must operate as a viable business for both the Employer and the Provider and the Council is looking to work with a Tenderer whose proposed solution is considered to be deliverable and credible. Accordingly, the Council will, (in addition to Tenderer's quality and pricing Responses) will consider the overall deliverability/credibility of each Tender applying the marking criteria.</p> | |

Final Tender Price Evaluation Methodology

The lowest bid is used as the basis for all pricing scores with bids given a score based on their value relative to the lowest bid. This scoring mechanism is non-linear, with bids further away from the lowest bid getting increasingly low scores. This mechanism was used to encourage bids that deliver the council's savings objective through efficiency.

The lowest bid is awarded 100% for price i.e. 35.33% of the overall marks. The deduction in pricing score for each other bid is calculated according to a set of bands:

| Band No | % by which the grand total of the tendered total of the Prices exceeds the lowest | Deduction for the relevant Band |
|----------------|--|--|
| 1 | Exceeds by $\leq 2.5\%$ | 1% reduction in scoring for each % excess |
| 2 | $2.5\% < \text{Exceeds by} \leq 5.0\%$ | 2% reduction in scoring for each % excess |
| 3 | $5.0\% < \text{Exceeds by} \leq 10.0\%$ | 4% reduction in scoring for each % excess |
| 4 | Exceeds by $> 10.0\%$ | 10% reduction in scoring for each % excess |

Pricing estimates have been requested for:

- A fixed 'lump sum' price for local management overhead and winter maintenance standby.
- Target prices for 16 schemes, 8 of these schemes are for revenue services and 8 are capital schemes. These are representative of the services and schemes that the Council expects to commission during the contract.

The schemes are each given a weighting to reflect the overall likely annual mix of work and the weighted prices are added together to give the bidder's total 'price' for evaluation purposes.

Appendix B - High level overview of the public realm contract.

The Contract has been developed to meet Council's objectives set out in 10.9 of this report.

Its key features are as follows:

- Service delivery is planned in advance to allow for greater efficiency in deliver. A "Forward Plan" (covering the same four year period as the Council's Medium Term Spending Plan) provides a longer term planning of the Public Realm Services. Prior to the start of each financial year an Annual Plan is prepared by the Provider and approved by the Council setting out the proposed service delivery for that financial year. This enables delivery to be properly planned and efficiencies realised.
- The scope of services to be delivered in any year will be responsive to Public Realm asset needs and local priorities and is not fixed. As a result, payment on an open book basis is adopted so that the Council is only paying for the services delivered. Payment is linked to performance against regularly measured indicators that reflect the desired outcomes. Payment may be made on a target cost, lump sum or (in appropriate circumstances) a cost reimbursable basis to reflect whichever approach represents best value for money for the relevant service area.



Working together for the people of Herefordshire



Herefordshire Council

Descriptive Document 2

Proposed Competitive Dialogue Process

Public Realm Services

22nd October 2012

| | |
|---|---------------|
| SECTION 1: Overview of the Process | Page 3 |
| Part One: Process Outline | Page 3 |
| SECTION 2: The Process Stages | Page 3 |
| Part One: Pre Qualification | Page 3 |
| Part Two: Outline Solution Stage | Page 3 |
| Part Three: Detailed Solution Stage | Page 4 |
| Part Four: Final Solution Stage | Page 4 |
| Part Four: Contract Award..... | Page 4 |
| SECTION 3: The Procurement Timetable | Page 5 |
| SECTION 4: Process Maps | Page 7 |

SECTION 1: Overview of the Process

Part One: Process Outline

- 1.1. This document sets out the proposed competitive dialogue process (the Process) to be followed by the Council; however the Council reserves the right to: alter the timings and structure of any of the Stages within the Process at any time. In particular, Candidates should note that the Council reserves the right to terminate the Process and where appropriate, re-advertise the requirement for the Services in the event that an insufficient number of compliant and satisfactory responses are received to ensure genuine competition.
- 1.2. This guide to the proposed Process to be followed by the Council is based on the OGC Guide to the Competitive Dialogue Procedure (2008) which has been adapted by the Council (as allowed by the Guide [OGC/HMT 2008 Guidance on Competitive Dialogue](#)) to meet the particular needs and timescales of the Project.
- 1.3. The Process is planned to consist of the following process stages (Stages):
 - Pre-Qualification with the issue of this PQQ;
 - Outline Solution, with the issue of an Invitation to Submit an Outline Solution (ISOS);
 - Detailed Solution with the issue of an Invitation to Submit a Detailed Solution (ISDS) and a Refined Solution (ISRS)
 - Final Tender, with the issue of an Invitation to Submit a Final Tender (ITT).

SECTION 2: Process Stages

Stage One: Pre-Qualification Stage (PQS)

- 1.4. Full details of the procedure to be followed and evaluation guidance can be found in ***Descriptive Document 1: Pre-Qualification Guidance.***
- 1.5. All Candidates will be debriefed on the relative merits of their Response. If any Candidates are not invited to submit an Outline Solution the Council may apply a voluntary standstill period of 10 days from the issue of debriefs before issuing the invitation to participate in the next stage. The Council's objective in applying this period is to improve transparency and ensure fairness and equal treatment, thereby protecting the interests of Candidates and the Council.
- 1.6. In particular, the application of the voluntary standstill period gives non-selected Candidates the opportunity to consider the reasons for their non-selection and if any areas of contention are identified, discuss these with the Council. This then allows the Council to consider any representations made and if these are agreed, rectify any issues with the evaluation before the next stage in the process is commenced. This being said it is hoped that the level of transparency contained within supporting documents will protect against any misunderstandings of requirements by Candidates and misapplication of criteria by the Council. Overall the application of a voluntary standstill period is thought to protect the interests of all.
- 1.7. This being said, the Council may choose not to apply a voluntary standstill period if the application of a 10 day period would threaten the viability of Contract commencement by the 1st September 2013. In addition, should qualifying Responses be received from less than 7 Candidates, the Council reserves the right to omit the Outline Solutions Stage and progress directly to the Detailed Solutions Stage.

Stage Two: Outline Solution Stage (OSS)

- 1.8. The Outline Solutions stage enables the Council to dialogue with Participants their initial proposals for Service provision. (The Outline Solutions Stage is also commonly referred to as the Invitation to Participate ITPD Stage). At the start of the Outline Solutions Stage, an Invitation to Submit Outline Solutions (ISOS) will be issued and the Council will carry out short and focused (outline) dialogue with Participants. Outline Solutions will then be

submitted and evaluated by the Council on the basis of the award criteria stated in the ISOS. As a result of the evaluation the Council may reduce to no less than 3, the number of Participants taken forward to the next stage of the procurement process.

- 1.9. As with the PQQ Stage, all Participants (protecting commercial confidentiality) will be debriefed on the relative merits of their solutions. If any Participants are not selected to submit a detailed solution the Council may apply a voluntary standstill period as per the process outlined at the PQQ Stage. Again, the Council's objective in applying this period is to improve transparency and ensure fairness and equal treatment, thereby protecting the interests of Participants and the Council.

Stage Three: Detailed Solution Stage (DSS)

- 1.10. Participants selected to progress to the Detailed Solutions Stage will be issued with an Invitation to Submit Detailed Solutions (ISDS). Detailed dialogue meeting(s) will be held with each Participant. A timetable of meetings will be prepared for each Participant which will ensure that each spends an equal time in dialogue and has sufficient time to prepare their Detailed Solutions. The timetable will allow each Participant to prioritise resources and to invite advisers and funders to attend meetings as and when required.
- 1.11. Following submission of Detailed Solutions, the dialogue will re-commence and, formal written clarification questions may be issued to all Participants, as well as individual clarification questions being issued to each Participant as appropriate. Clarification meeting(s) will then be held with each Participant to ensure clarity in the evaluation process and remove any ambiguity. The Council may repeat as necessary to ensure clarity, but would seek to progress with alacrity. Once the Council is satisfied that all aspects of the solutions have been sufficiently clarified, the dialogue will be declared closed and a submission of Refined Solutions will be requested.
- 1.12. Refined Solutions will then be evaluated by the Council, which reserves the right not to invite all Participants to submit Final Tenders. Should any Participant not be requested to submit a Final Tender, the Council may apply a voluntary standstill period as per the process outlined at PQQ Stage (again protecting commercial confidentiality). All Participants will be debriefed on their Responses to the Detailed Solutions Stage.

Stage Four: Final Tender Stage (FTS)

- 1.13. Participants called to submit Final Tenders (Tenderers), will have the opportunity for limited clarification of the requirements of the Final Tender (to ensure compliance) prior to the deadline for submission.
- 1.14. Following evaluation of Final Tenders, a Preferred Bidder will be appointed subject to the approval of the Project Team's recommendation to the Council's Cabinet. The Council also reserves the right to identify a Reserve Bidder and will request that the Final Tender from that Bidder remain on offer for a specified period of time. The Reserve Bidder will be expected to attend meetings with the Council until the specified period of time has elapsed.
- 1.15. A limited period will follow during which the Preferred Bidder will confirm its commitments and to allow the Council to seek final clarifications prior to the submission of a Final Business case to the Council's Cabinet to seek approval to award the contract.

Stage Five: Contract Award

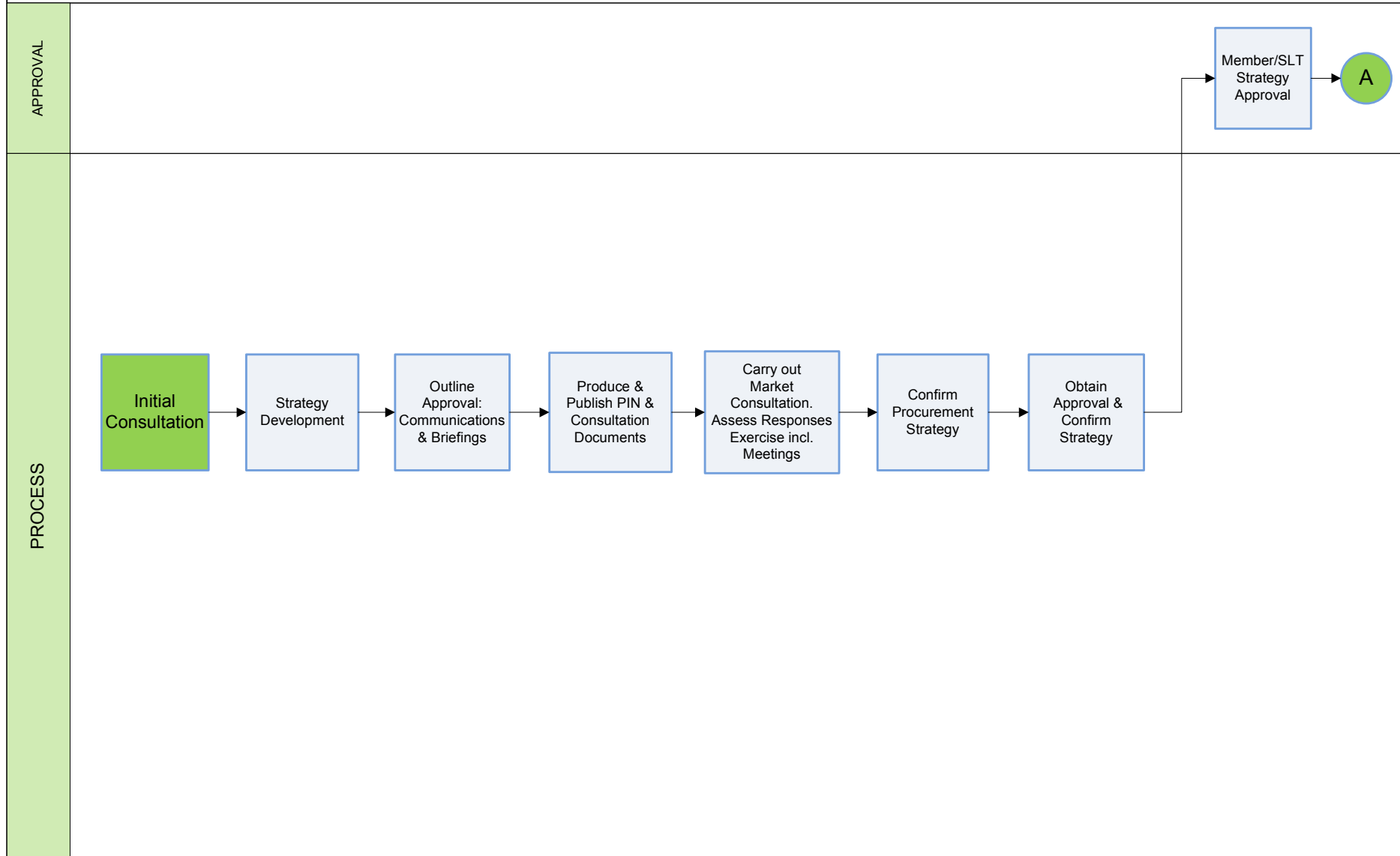
- 1.16. Following approval to award the contract, the Council will debrief Tenderers and issue an intention to award letter. The mandatory 10 day standstill period will then be applied prior to the award of the Contract.

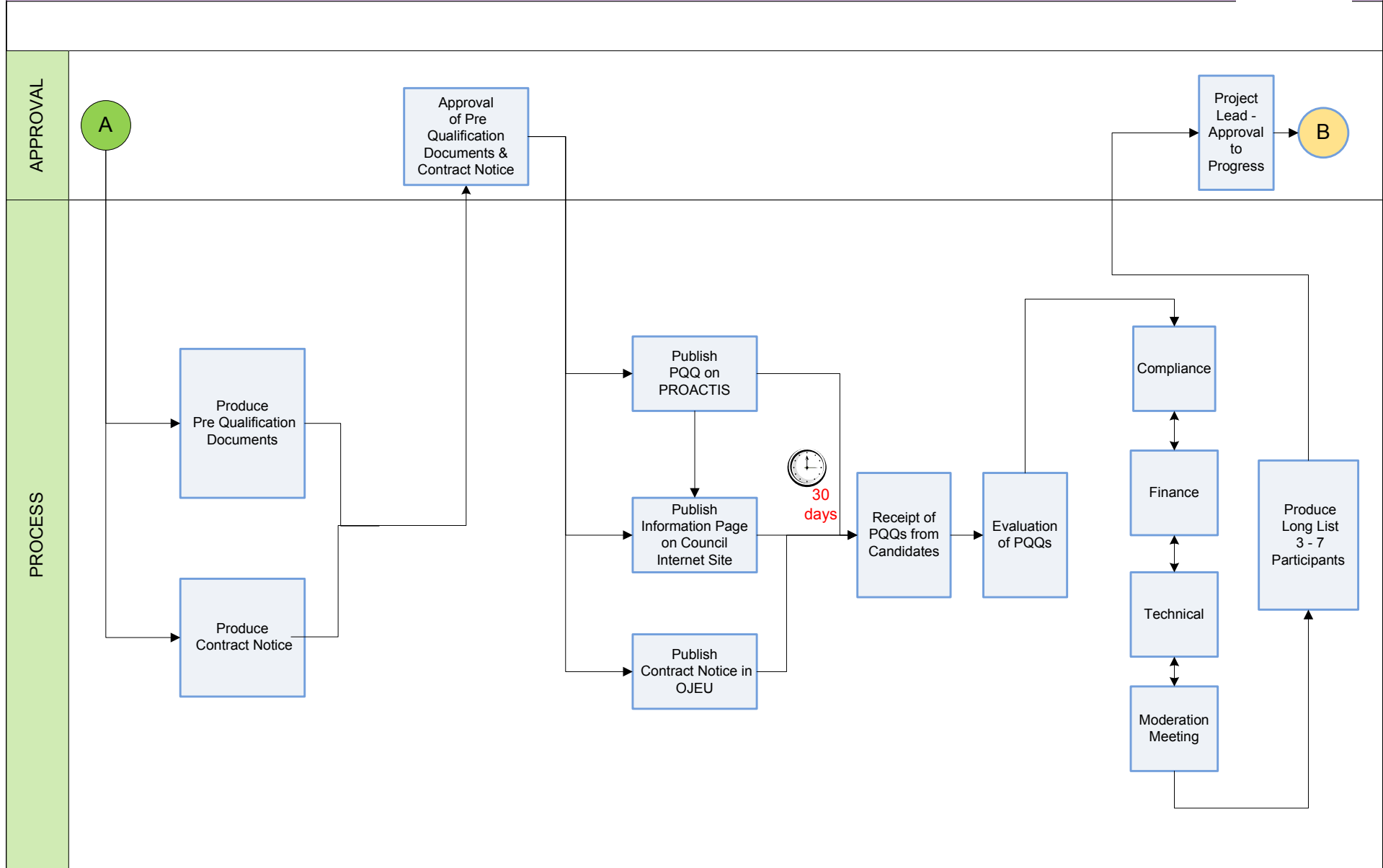
SECTION 3: Process Timetable

- 1.1 The table below outlines the proposed timetable for the Process. Candidates should be aware that the Tender Process will involve their attendance at various meetings at Council offices and potentially other venues within Herefordshire such as for site visits. Meetings are likely to consist of Briefing Meeting(s); Dialogue Meeting(s); Presentation(s) and Interview(s). The attendance of Council representatives on a Site Visit to the Candidate's premises may also be required. Advance notice will be given of any meeting requirements at the commencement of each Stage of the Tender Process. Candidates should ensure they will be available to attend any meetings as notified.
- 1.2 Indicative timings are given below for all Stages. As outlined in Section 2 above, Candidates should note that 10 day voluntary standstill periods have been included at any point in the process at which debriefs will be provided and that these voluntary standstill periods may not be applied.
- 1.3 As a result, the timings of all post Pre-Qualification Stages should be best viewed as indicative only. Should it be necessary for the Council to alter the structure and timings of any of the stages within the Tender Process, the Council will endeavour to provide Candidates with as much notice as possible.
- 1.4 Should any Candidate identify any issues with any of the Stages of the proposed timetable, such as errors or omissions, they should notify the Council immediately so that any issues can be rectified.

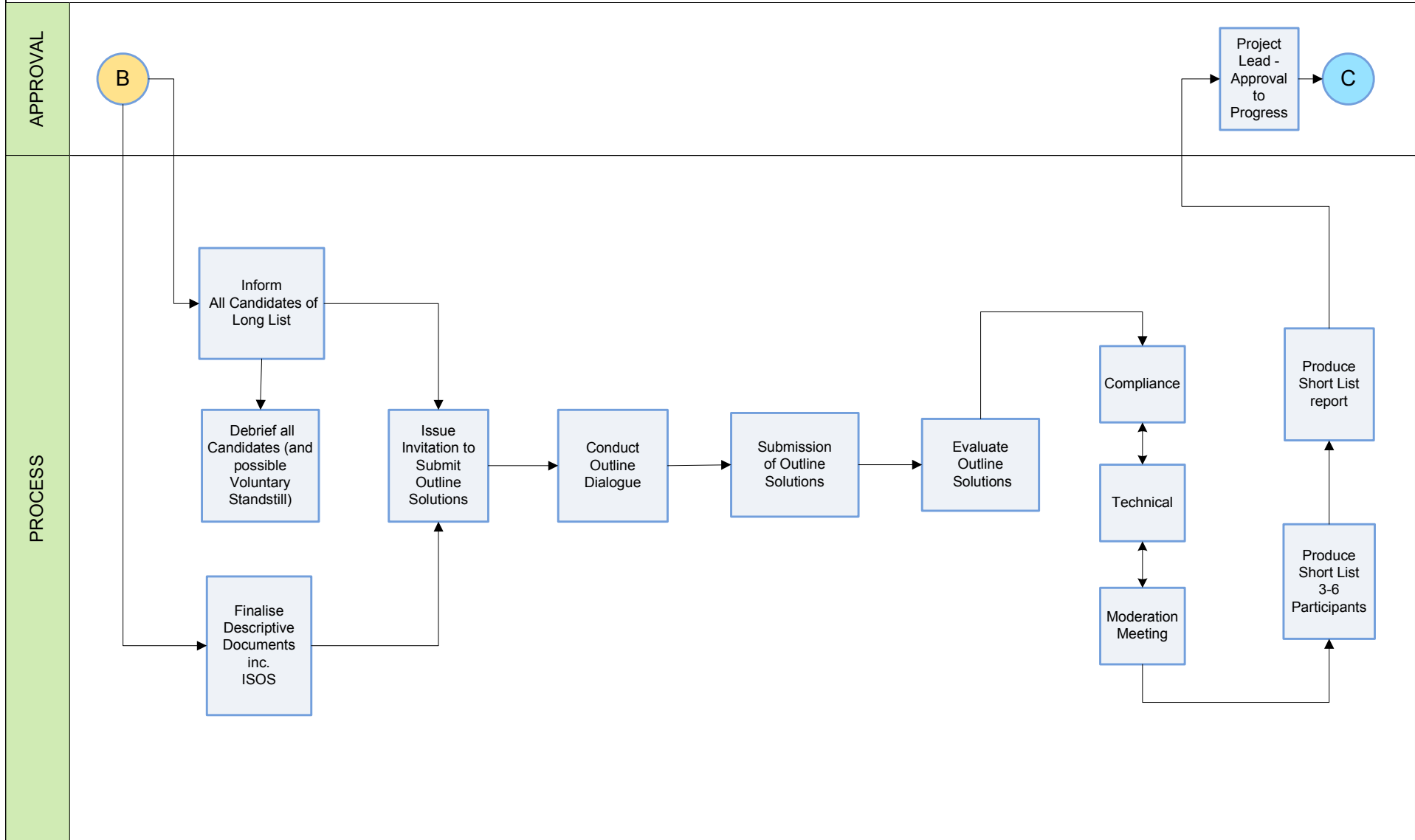
| Stage | Anticipated Dates |
|--|---|
| Advertisement Date | 22nd October 2012 |
| Clarification Period Closes | 16 th November 2012 12:00 noon |
| Closing date for return of PQQ | 23rd November 2012 12:00 noon |
| Completion of PQQ Evaluation | 7 th December 2012 |
| Confirm Participants to be Invited to Submit Outline Solutions and debrief Candidates (dates from this point onward are indicative only) | 10 th December 2012 |
| Broadcast ISOS | 21 st December 2012 |
| Hold Bidders Day / Dialogue Appointments | 14 th – 23 rd January 2013 |
| Clarification Period Closes | 25 th January 2013 |
| Closing date for submission of Outline Solution | 1st February 2013 12:00 noon |
| Completion of Outline Solution Evaluation | 15 th February 2013 |
| Confirm Participants to be Invited to Submit Detailed Solutions and debrief | 18 th February 2013 |
| Broadcast ISDS | 1st March 2013 |
| Hold Bidders Day / Dialogue Appointments | 4 th – 15 th March 2013 |
| Clarification Period Closes | 18 th March 2013 |
| Closing date for submission of Detailed Solution | 25th March 2013 12:00 noon |
| Consideration of Detailed Solutions | 26 th March – 5 th April 2013 |
| Further Dialogue Appointments | 8 th April – 12 th April 2013 |
| Declare Close of Dialogue and Request to submit Refined Solution | 12 th April 2013 |
| Closing date for submission of Refined Solution | 22nd April 2013 12:00 noon |
| Completion of Refined Solution Evaluation | 2 nd May 2013 |
| Confirm Participants to be Invited to Submit Final Tenders and debrief | 3 rd May 2013 |
| Broadcast ITT | 15th May 2013 |
| Clarification Period Closes | 22 nd May 2013 |
| Closing date for submission of Final Tender | 24th May 2013 12:00 noon |
| Completion of Final Tender Evaluation and Confirmation of Approved Bidder | 13 th June 2013 |
| Confirmation of MEAT and Intention to Award Approval | 14 th – 20 th June 2013 |
| Issue of Intention to Award and Start of mandatory standstill period | 21 st June 2013 |
| Award of Contract | 1st July 2013 |
| Contract Commencement | 1st September 2013 |

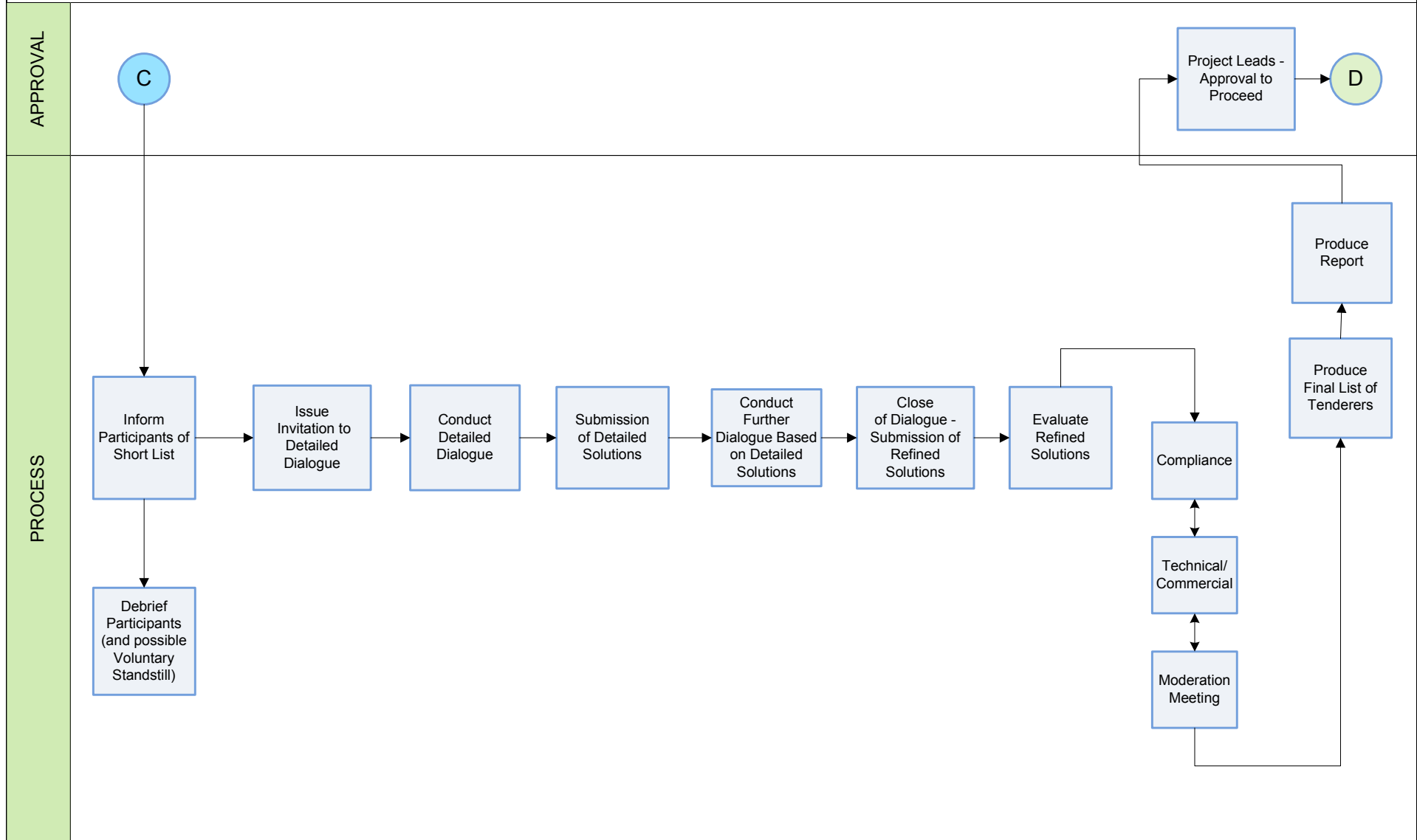
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