

Appendix 1- Findings of Market Engagement Public Realm Services Model Report 24 September 2024

The Council developed a model for the delivery of the Public Realm Services that was approved at Cabinet on 27 June 2024 for the purposes of market engagement.

<https://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=9301&Ver=4>

Market engagement was carried out during Summer 2024 and involved an in person event on 16 July 2024, where potential suppliers were invited to attend a presentation of the council's proposed model and procurement route. Suppliers were given the opportunity to engage with the Council and feed-back their initial views during the event.

Following the event a series of online one-to-one meetings with potential suppliers were held by the council to seek the market's views on the proposed model, and provide an opportunity for the council to meet with the suppliers.

The council developed and provided potential suppliers with a "Request for Information" template, issued to secure written feedback where suppliers could express support or concerns with the model, and provide an opportunity to propose alternative options.

The Request for Information template sought views on the following areas:

1. The services
2. IT
3. Depot arrangements
4. Fleet
5. Innovation
6. Contract
7. Procurement
8. Mobilisation
9. General

Whilst the market engagement exercise was comprehensive and engaged with known suppliers to whom this opportunity might appeal, it should be noted that bidders are being selective about the opportunities they pursue due to costs of bidding and the limited resources of their bidding teams. Several organisations indicated either that the Herefordshire opportunity did not align with their business strategy, or was not a target.

The size and nature of the Herefordshire opportunity with a reduced contract value estimated around £12M per annum, is at the lower end of market expectations. Further, the opportunity is programmed to be procured at the same time as several larger opportunities, which also has a bearing on the level of interest.

Competing procurements include;

- Kent – Due to start in October 24. The initial tender stage will likely come to market at the same time as Herefordshire.
- Norfolk – A notice from Norfolk states issue from 2 December 2024. This is likely to run into the new year and will therefore be procured on a very similar timeframe to Herefordshire.
- Warwickshire, Coventry & Solihull – Contract end date is 31 May 2026. Therefore it is anticipated an identical procurement timetable to Herefordshire.
- West Sussex (Lot 1, Highways Core Services) – To be procured in 2025.
- Worcestershire – Contract end date is 30 September 2026. Therefore it is anticipated that procurement will start in mid-2025 and be active during the negotiation and final tender period of Herefordshire.

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- West Berkshire - Contract end date is 30 September 2026. Therefore it is predicted the same conflict as Worcestershire.

Having reviewed the information from the market engagement, the council has six organisations that are interested and well placed to tender for the opportunity from early January 2025, which is considered adequate to ensure a competitive process, and a good outcome for the council.

Of the six, one organisation is the incumbent provider Balfour Beatty Living Places, who have stated that they are undecided as to whether they will tender for the new contract.

Although unlikely, other organisations that have not participated during market engagement could participate in the tender process once released by the council from January 2025.

With six organisations currently engaged, the council must encourage all six to participate in the tender process from January 2025, to ensure a competitive procurement. The process will involve shortlisting after initial tenders, before moving into the negotiation and final tender stages of the procurement during the Summer of 2025.

The programme to deliver the new Public Realm Services from 1 June 2026 is provided in the table below:

New Public Realm Services- High Level Programme		
Activity	Start Date	Finish Date
Services review & model refinement (including IT, fleet & depots)	July 2024	Sept 2024
Develop contract documents, specification & tender documents	Aug 2024	Dec 2024
Connected Communities Scrutiny Working Group 8 October 2024	15 October 2024 committee	
Cabinet Decision to approve model and commence procurement	28 November 2024	
Deliver procurement process	Jan 2025	Oct 2025
Cabinet Decision to Award contract	November 2025	
Notify Successful Contractor	December 2025	
Sign contract	January 2026	
Sign contract	1 Jan 2026	31 Jan 2026
Deliver Demobilisation and mobilisation (5 months)	1 Jan 2026	31 May 2026
Contract with BBLP ends	31 May 2026	
New Public Realm Services Contract Goes Live	1 Jun 2026	

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The council's model, as set out to the market, was broadly welcomed during the market engagement, which is encouraging.

There were some areas that suppliers stated would make the model and procurement more attractive, which are set out in the following recommendations.

Recommendation 1 - Increase the scheme value from a maximum of £100,000 to £250,000 (index linked) commissioned at client discretion.

Recommendation 2 – Include flexibility to commission additional scheme work above the £250,000 threshold at client discretion where value for money can be demonstrated. The limited circumstances where this may be appropriate are where the type of scheme is particularly suited to the contractor, speed may be of the essence and/or where there is not a suitable supplier on an alternative framework that can deliver the scheme to the council's requirements.

Recommendation 3 - Continue to engage positively with the market demonstrating that the council is listening and refining the model to meet market sentiment.

Recommendation 4 - Provide as much data (consider TUPE, budget, depots, fleet and asset) as possible, as early as possible in the process.

Recommendation 5 - Avoid onerous risk transfer under the contract.

Recommendation 6 - Be supportive of collaborative proposals that will see the client and contractor working together enabling the contractor to influence and provide their expertise into development of policy and plans.

Recommendation 7 – Adopt a 70/30 quality / price evaluation criteria.

Recommendation 8 – As part of demobilisation and transition to the new public realm services the council and incumbent contractor should work closely together to ensure that necessary systems and processes are developed, implemented and tested ahead of the new contract starting on 1 June 2026.

Recommendation 9 - The council should apply a grace period for some aspects of the performance management regime for the first few months of the contract.

Recommendation 10 – Adoption of the NEC Term Services Contract including Option A (Price List) as the main payment mechanism for the contract, with Option C (Target Cost) used only in limited circumstances including for services and projects with undefined scope and timescales, and Option E (Cost Reimbursable) used only in exceptional circumstances.

The council are proposing to accept all 10 recommendations and incorporate these into the model and procurement for approval at Cabinet 28 November 2024.