

Appendix 1 The New Public Realm Services Model for Procurement

This document sets out the Public Realm Services model and new contracting arrangements that have been developed and refined from market engagement during Summer 2024 and which has evolved for operational and contractual reasons since November 2024.

The refined version of the model and new contracting arrangements as set out below define the model for the procurement, which has been underway since January 2025.

Services for the New Public Realm Services Contract

The contractor will deliver the following “core services” under a new Public Realm Services contract:

- Network resilience & civil emergencies services
- Winter service
- Reactive maintenance (potholes & patching)
- Carriageway & footway maintenance programmes
- Drainage (gully cleansing & land drainage)
- Street lighting and illuminated signs
- Structures (maintenance of bridges and culverts)
- Street cleaning (bin emptying, fly tipping & road sweeping)
- Fleet management and mechanical workshop (TBC)
- Parks and open spaces (highways verges and trees)
- Bereavement Services including grounds maintenance and grave digging
- Bus Shelter Maintenance
- Public Art Maintenance
- Works on the Public Rights of Way network
- Schemes up to a value of up to £250,000 (two hundred and fifty thousand pounds) indexed linked may be directly awarded through the contract at the council’s discretion
- Limited scheme work above the £250,000 indexed threshold where value for money can be demonstrated and there are advantages for this work being commissioned through this contract

The core services usually comprise of labour, fleet and materials. However, for the contractor to host the contract and deliver the core services effectively, they require a facility and team of people which would ordinarily comprise of the following functions:

- Contract management
- Business & IT support
- Performance Management & reporting
- Supervisors
- Contract accountancy
- Quantity surveying
- Social value, carbon & environmental services
- Fleet management
- Depots and depot management
- Health & safety services

Such provision by the contractor to deliver the core services is referred to as the Local Management Overhead (LMO).

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The LMO to deliver the quantum of services set out by the council in the tender documents has been used by tenderers to propose an LMO inserted against Series 100 (Basic Facility in the Prices List). During evaluation, tenderers' LMOs have been assessed by the council for their appropriateness and proportionality in relation to the core services and contract value.

The council intend for the LMO to flex during the contact term agreed between the council and the contractor, reacting to changes in service priorities and contract turnover, and a contractual mechanism to provide this has been developed in the contract.

The incumbent's employees and workforce who are primarily delivering the core services and LMO services may trigger transfer rights to the new contractor under the Transfer of Undertakings Protection of Employment rights (TUPE).

Services transferred to the council

Technical roles transferred to the council from the incumbent under the Transfer of Undertakings Protection of Employment rights (TUPE) will include the following functions:

- Asset Management Team
- Network Management
- Locality Stewards (incl Highway Inspections)
- Design / Project Management / Quantity Surveying
- Customer Services (enquiries and complaints)
- Communications
- Fleet management
- Health & Safety / CDM

An initial assessment has identified that in the region of 60 roles will transfer from the incumbent to the council for the functions listed.

The Contract

The council investigated the form of contract and options that would best deliver the services to the council's requirements. This investigation identified the NEC 4 Term Service Contract with a combination of options A, C and E will best meet the council's vision as set out in the table:

Option	Description	Scenario for use
Option A: Priced Contract with Price List	Lump Sum Activity or Item Rate from Price List	As the main payment mechanism for the contract including Core Services & Schemes

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Option C: Target Contract with Price List	<p>Target is built up from Price List</p> <p>Contractor is paid their “Defined Costs” + Fee</p> <p>Risk of cost overruns is shared 50/50 up to 10% above the target price. The contractor absorbs 100% of cost overruns if costs exceed 10% of the target price</p> <p>Equally, cost underruns are shared 50/50 up to 10% under the target price. The council retains 100% of cost underruns if the saving exceeds 10% of the target price.</p>	<p>Used only in limited circumstances including for services and projects with undefined scope and timescales</p> <p>Option C is only applicable if identified as the main option in a Task Order</p>
Option E: Cost Reimbursable Contract	<p>Works are agreed and paid on an open book basis</p> <p>Contractor is paid their “Defined Costs” + the Fee percentage</p>	<p>By exception for unusual services that are not catered for in the Price List and used in times of emergency for example deployment of resources</p> <p>Option E is only applicable if identified as the main option in a Task Order</p>

The Specification

The contract specification has been developed in accordance with national and local standards:

- Highway Maintenance Efficiency Programme
- Design Manual for Roads and Bridges (DfT)
- Material requirements & specifications including British Standards
- Local requirements & Standard Details (as standard as possible)

The contract will allow new items to be included in the Price List during the contract term for Improvement Schemes where the item description in the Price List does not correspond with the item of work / part of the service. The contract will also provide for corrections to the Price List if a mistake is identified during the contract term and will include X1 Price Adjustment for Inflation to allow for an annual inflationary uplift to the rates and Prices in the Price List. It will also include an allowance to review and potentially re-price a limited number of items from the Price List where this is considered reasonable on a Task Order basis. Overall, these items are in support of a commercially sustainable long term contract and relationship between the council and the Contractor.

The Contract will allow for innovation and efficiency variations to maximise public benefit and value for money.

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The contract term will be an initial term of 6 years and 10 months, with the option to extend for a period of up to 3 years. The decision to extend will be taken during year 5 in the form of a Fundamental Review, including a VFM assessment.

Performance Management is an important aspect of the contract and will include:

- Contractor Operational Performance Indicators
- A grace period for some aspects of performance for the first three months of the contract
- The contract will include “Low Service Damages” for non-compliance. This will take the form of payment deductions pursuant to an amended version of X20: Key Performance Indicators.

A Performance Management Framework was developed and provided in the tender documents for the procurement.

Requirements relating to IT, accommodation, depots and fleet have been developed to support the model and new contracting arrangements.