Member Briefing on Procurement of Highways Term Contract.

This note provides a brief update, for information, on progress with the procurement of a new term maintenance contract for highway maintenance services.

The current highways term maintenance contract expires at the end of March 2017, and the new contract will follow on to provide continuity of service.

A report to Cabinet on 13th May 2015 sets out the reasons for tendering the work at this time, the delivery model agreed for the highway service, and the competitive tendering process. In March, 2016, information on the contract procurement and evaluation process was provided to Members of Place Scrutiny at a briefing. On 14th June, 2016, an update on the procurement of the new contract and contract performance management was reported to Place Scrutiny and discussed. (Please see the attached copies of presentation slides from Place Scrutiny)

The procurement work is governed by a Project Steering Board and Cllr Stuart Hughes and Phil Norrey are Devon's senior Member and Officer Representatives on the Board.

Preparation of a successor contract is underway and Devon is working with Somerset County Council and Plymouth City Council on the procurement project to drive savings in the procurement project and in the subsequent contracts. Devon will end up with its own contract, but through the joint work with Somerset and Plymouth, there may be opportunities for cost savings through cross border working.

The highways term maintenance contract is primarily for routine and reactive maintenance work like winter maintenance, highway defect repair, gully cleaning and visibility splay grass cutting. It also includes for an element of planned work, like road surface patching and minor resurfacing work.

Separate contracts, or framework contract arrangements will be used for highway maintenance work not included in the new highway maintenance term contract. This arrangement is aimed at continually driving better value by regularly opening up these work areas to fresh competition.

For the new term maintenance contract, an agreed procurement programme and evaluation process was issued to tenderers with the tender documents. The tender process is following UK Procurement Regulations that have to be followed to minimise the risk of a procurement challenge from any of the tenderers.

The procurement process that is being used for the new highway term maintenance contract is the "Competition Procedure with Negotiation". This enables Initial Tenders to be received followed by a process of negotiation to optimise the contract, prior to then issuing Final Tenders. This is to enable Devon to get the best possible offer from contractors in their final tender submission.

The process involves the evaluation of prices and the quality of the tenderer's service proposals. It enables Devon to make sure that the winner of the contract is the best contractor to provide the highway maintenance service in the following years.

The new contract builds on national best practice and Devon's experience in improving efficiency and customer service. It includes performance management criteria that can be used to monitor the work carried out under the contract, and therefore to address any areas of concern.

The procurement process is on programme and negotiation sessions are currently underway following submission of the initial tenders. There are a number of tenderers in the process as advised to Members in the Confidential Cabinet Member decision following the Pre-Qualification Questionnaire selection process in January, 2016.

Once final tender submissions have been evaluated, the tenders will be ranked and a recommendation will be made to Cabinet on the award of the contract on 14 September, 2016.

If you have any concerns about the process that is being used to select the best tender for the highways term maintenance contract, please refer to the above reports or contact Justin Bennetts or Meg Booth who will assist with any queries.

David Whitton
Head of Highways, Capital Development and Waste.