

NOTE

Please note under OJEU procurement legislation the Award of these contracts will be subject to the mandatory 10-day standstill Challenge Period, also known as Alcatel.

During this period confidentiality must be maintained relating to the contents of the Part 2 Papers and Full Council's Decision. Following Alcatel the Council will be in a position to issue a press release regarding its Decision.

For this procurement process and Decision associated with these term Highways and Transportation Contracts Alcatel is scheduled to end on Wednesday the 3rd October 2018.

| | |
|-----------------------------|---|
| TITLE | Highways & Transportation Term Service Contracts Renewal |
| FOR CONSIDERATION BY | Council on 20 September 2018 |
| WARD | None specific |
| DIRECTOR | Director of Locality and Customer Services - Josie Wragg |
| LEAD MEMBER | Executive Member for Highways and Transport - Anthony Pollock |

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The benefits of effective and efficient Highways and Transportation Services provided by these contracts are borough wide and include:

- Enable travelling around the borough safely for all highway users
- Manage the network minimising disruption, congestion ensuring timely journeys
- Provide suitably maintained and lit roads and pavements
- Ensure the primary network is clear of snow, ice and frost during the Winter time
- Support reducing car ownership and promote sustainable forms of transport and journeys including public transport, cycling and walking
- Control delivery of Council and third party highway schemes and infrastructure development to improve the network and support growth
- Promote and facilitate economic prosperity including catering for the delivery of goods, services and commuter journeys
- Provide safe access to education for school children and students
- Provide access to leisure services including the public rights of way network
- Cater for utility services including gas, water, electric and telecommunications
- Minimise resident and business risk to flooding and various environmental issues

- Maximise the use of resources and budgets to ensure value for money for highway users and the residents and businesses of Wokingham

RECOMMENDATION

Council is requested to:

- 1) consider the procurement process which commenced with stakeholder engagement in 2016, soft market engagement with potential suppliers during 2017;
- 2) consider the formal procurement process which has been underway since January 2018 and proposals for mobilisation;
- 3) award the Professional Services Consultancy Contract to the organisation named in the Part 2 Papers to be operational from the 1st April 2019, for an initial term of seven years, extendable by a further period of up to 3 years, subject to satisfactory performance;
- 4) award the Maintenance and Construction Contract to the organisation named in the Part 2 Papers to be operational from the 1st April 2019, for an initial term of seven years, extendable by a further period of up to 3 years, subject to satisfactory performance.

EXECUTIVE SUMMARY

Since 2008 the Council has delivered its Highways and Transportation services through the Wokingham Highways Alliance, a partnership of Wokingham Borough Council, the Professional Services Consultancy Contractor WSP who are commissioned to provide design and expert resources supporting peaks and troughs of demand, and the Maintenance and Construction Contractor Balfour Beatty Living Places who provide the essential highway maintenance services and deliver schemes and projects. The contract form and specifications underpinning the current partnership were designed in 2007, and due to changes in highways legislation, the availability of more modern forms of contract promoted by government's Highway Maintenance Efficiency Programme and the Council's 21st Century operating model focussing on digital, IT, self-serve and improving the customer experience, it was determined these objectives would best secured by the Council redesigning the commission model, contracting arrangements, and re-procuring the Highways and Transportation services, to be fully aligned with the 21st Century Council and best practice in the industry from 1 April 2019.

Background

Wokingham's highway asset is considerable, comprising of:

- 736 km road length (includes 8 km of non-Highways England motorway)
- 1,889 adopted streets (18.5% of the network is traffic sensitive)
- 820 km footway length
- 8 Million m2 highway verges
- 250 structures (including 166 bridges)
- 16,000 street lights
- 30,000 road gullies

It has a combined value of £4B comprising of £1.3B gross replacement cost plus £2.7B land value, and is the Council's most valuable asset relied upon by the majority of Wokingham's residents and businesses on a daily basis.

The network has been managed and maintained since 2008 by Wokingham Highways Alliance being a partnership comprising of Wokingham Borough Council (the Council), WSP Professional Services Consultancy Contractor (PSCC) and Balfour Beatty Living Places (BBLP) the term Maintenance and Construction Contractor (MCC) together delivering highways and transportation services to Wokingham. The Council also has a small structures/bridge maintenance contract with BBLP, a street lighting contract with BBLP and a gully cleaning contract with FM Conway, which all expire 31 March 2019.

The timing of these current arrangements has been carefully programmed to allow new Highways and Transportation Services and contracts to be delivered holistically from 1 April 2019. It was recognised very early in the planning stages that engaging with stakeholders to understand their views on the existing services, what works well, where the problems are, and what should be improved for the new contracts was paramount.

Stakeholder Engagement

Key stakeholders were identified as: elected Members; Town and Parish Councils; senior Council officers; 21C team; ICT and customer services team; current Alliance partners; local businesses and of course most importantly Wokingham's residents who are the key users of the network and services. Throughout 2016-2018 there has been numerous activities to engage with stakeholders including: Member and T&P Council briefing events and workshops; officer workshops; service reviews; service and process design sessions; National Highways and Transportation (NHT) resident and business annual surveys conducted by Ipsos MORI. The Council also undertook an online Wokingham Transport and Highways survey from the Council website, with hard copies distributed around the community buildings and libraries around the borough during late 2017. The survey was very popular with over 1,000 residents and commuters completing the survey by the end of December 2017. The purpose of this engagement was to find out which parts of the highway network, and which services, are most important to customers, where problems were encountered and how customers preferred to interact. The outcome of the survey is available on the Council's website at this link: <http://www.wokingham.gov.uk/news-and-consultation/consultation-and-having-your-say/finished-consultations/?entryid206=442965&p=2> Stakeholder and survey data was also used to undertake transport visioning work, to understand what will become more or less important as we move into the future to 2036, which is the same period of

Wokingham's emerging Local Plan and Local Transport Plan. Engagement provided data enabling the service to evolve to meet the needs of Wokingham's key stakeholders both now and into the future.

A high level summary of the stakeholder information is provided below:

| Challenges to 2036 | Opportunities to 2036 |
|-----------------------------|----------------------------------|
| Community Isolation | Local Plan and Strategic Control |
| Affordable Housing | CIL & Infrastructure Delivery |
| Congestion/Air quality | Improvement in IT & data |
| Move to a driverless world | Public transport/walking/cycling |
| Climate Change & Flood Risk | Health & Wellbeing |

New Highways & Transportation Contracts from 2019 what is key?

- Customer Focus (self-serve, ICT, comms & expectation)
- Smarter Working (21CC ICT for staff & customers)
- One Team (partnership working/reduce man marking)
- Network Coordination (manage works & congestion)
- Network Resilience (operation & asset performance)
- Providing Flexibility (network & technological)
- Outcome based performance measures (shared vision)
- Congestion / Journey Times / Air Quality / Carbon Reduction
- Innovation / IT / Customer Experience & Satisfaction

A review of the Highways & Transportation service has been taking place as part of the Council's 21st Century Council programme. This is being implemented during 2018, designed where the Council structure will cater for current arrangements, but evolve to meet the requirements for the new contractual arrangements from the 1st April 2019. The form of the new contracts has been tailored to meet Wokingham's 21CC priorities which include:

- Focus on the customer experience
- Redesign processes around the ideal customer journey
- Inform customers what to expect and keep them up to date along the way
- Make processes digital by default, but with alternative access channels where appropriate
- Address issues at first point of contact
- Collect information once, and only if we actually need it
- Move as much work forward, to self-serve or customer facing roles as possible
- Move work quickly and easily around the organisation by using workflows and automated process prompts
- Automate controls within processes to ensure compliance
- Measure performance as part of the process/workflow to drive improvements
- Manage customer capability to enable customers to do more for themselves
- Manage customer demand to prevent and shape demand where appropriate

Market Engagement

As well as tailoring the contracts to Wokingham's stakeholder preferences and requirements, it was critical the services tendered and contract commissioning model selected would attract interest and competition from the Highways and Transportation service provider market, which due to high levels of housebuilding and government investment in major infrastructure over recent years was of concern.

To mitigate this risk the Council hosted market engagement workshops during 2017. The initial June 2017 was a "Discovery" event hosted in the Council Chamber where the Council outlined to suppliers its current arrangements, what works well, what can be improved, and aspirations for the future contracts. This event was well attended by 24 organisations (please see Appendix A for attendance log). Further to the event comprehensive written feedback was submitted by 15 organisations. These 15 organisations represented the majority of the major players in the UK highway and transportation sector plus a selection of smaller and international organisations. Consequently, the Council was confident that the feedback was representative of the market's views of this procurement opportunity and the likely level of appetite and competition. A summary of this market feedback is provided below:

- The Council was seen as an attractive client due to its innovative approach and collaborative attitude.
- Wokingham was seen as an attractive location due to its geography and projected economic growth.
- Most of the professional firms were firmly in favour of a separate PSCC and a term MCC.
- Four suppliers that responded preferred an integrated (single) contract.
- All contractors proposed increasing the scope and the turnover of the contract in order to make it attractive.

Based on market feedback, options evaluation aligned to the government promoted Highway Maintenance Efficiency Programme (HMEP) procurement toolkit, and subsequent analysis, it was determined that the preferred commissioning model comprised of two contracts being:

- A PSCC
- A term MCC including street lighting, structures (bridges) and drainage

This model aligns most closely with the Council's objectives ensuring delivery of the full range of services, and ensured the continued interest of both the professional service providers and the majority of contracting organisations therefore maximising overall market appetite for this opportunity ensuring a competitive process and value for money (VFM).

A subsequent "Informing" event was hosted in the Council Chamber in September 2017, when the Council outlined to suppliers its proposals including the commissioning model, forms of contract, service scope. A discussion forum took place as part of the event, and a further opportunity was provided for suppliers to write in following the event stating their support, or highlighting any concerns at that time. Broad support was secured from the market, recorded in the final round of written feedback, and additionally a procurement timetable was agreed between the Council and suppliers, when both parties could ensure the resources required would be available.

Scope of Tendered Services

The current Wokingham Highways Alliance delivers the following services:

- Network Management
- Streetworks
- Transport Planning
- Road safety
- Public and corporate transport support
- Asset Management
- Maintenance (reactive & planned)
- Street lighting
- Winter Services
- Flood Management & drainage
- Developer Works (s278/38)
- Projects (design and delivery)

The new contracts will continue to deliver this broad range of Highways and Transportation services. However market engagement and analysis to date has highlighted the following opportunities for further efficiencies and service improvement, which are proposed within the new contracts subject to further discussion with suppliers, and with the Council's key stakeholders.

- The PSCC will be a strategic partner to the Council where the contract can be used to access the wide range of specialist skills and expertise.
- Routine elements of the PSCC services will be transferred to the Council.
- Reactive highway maintenance and highway inspection function will be transferred from the Council to the MCC.
- A design and build option for projects will be provided within the MCC.
- The MCC will host the ICT and CRM solution for routine highways enquiries for example: potholes repairs; gully cleaning and street lighting faults, delivering improved efficiency, service excellence and improved customer service.
- The Council's Housing stock (roads/pavements/lighting and drainage) and metalled public rights of way will be inspected and maintained within the MCC.
- An option to deliver street cleansing services from 1 April 2020.

Market engagement highlighted that increasing the value of spend through the contracts would make them more attractive to suppliers, and therefore more efficient. To meet this aspiration the Council engaged with the other five Berkshire Council's during 2017, who with the exception of the Royal Borough of Windsor and Maidenhead have submitted Expressions of Interest to access the contracts from 1 April 2019. A draft Service Level Agreement (SLA) has been issued where Wokingham Borough Council as the client would have control to ensure the third party request would not impact adversely on the services being provided in Wokingham. With Wokingham Borough Council's prior approval third party Berkshire Councils can access the services of both the PSCC and term MCC. Under the SLA third party Council's accessing the services would be charged by Wokingham Borough Council a Contract Access Fee. This collaborative approach is promoted by government and welcomed by the neighbouring Berkshire Councils. Additionally all of Wokingham's Town and Parish Councils are named to have access to use the contracts and services.

Partnering, Governance and Contract Form

Stakeholder and market engagement determined the key features of any future commissioning contract model would be focussed upon:

- Partnership working underpinned by ISO44001 promoting a collaborative business relationship
- Long-term relationships with suppliers focusing on shared vision and outcomes
- Integration of the skills of the Council and suppliers
- Enable collaboration between partners and stakeholders
- Commitment to being open, transparent and accountable
- Enables investment
- Encourage innovation, review and continual improvement
- Aligned with the 21CC programme

A shared vision focussed on outcomes, was considered paramount to forming a successful partnership ensuring the right cultures and behaviours within Wokingham's newly formed Highways Alliance. Suppliers were asked as part of the tender requirements to explain how their organisations would support this objective, including proposing a governance and organisational structure that will deliver both the strategic and operational requirements of the Wokingham Highways Alliance, ensuring true partnership working and collaboration, and proposals to ensure innovation, continual review and improvement throughout the life of the contracts.

The governance arrangements proposed, and to be refined, will ensure the Wokingham Highways Alliance partners and contracts are focussed aligned to the Council's strategic and operation requirements from the outset, and for the full term of the contracts. The procurement process is being overseen and steered by the Executive Member for Highways and Transportation Cllr Anthony Pollock's Highways and Transportation Contract Renewal Member Group, which is cross party and geographically dispersed to fully represent the borough of Wokingham. Additionally an officer Highways and Transportation Review Board has been operating since 2016 ensuring the commissioning model, contract form and services tendered fully meet the requirements of the Council, aligned closely with the emerging 21st Century Council operating model as it is embedded throughout 2018. It is proposed these groups will oversee the mobilisation of these contracts from October 2018 to March 2019.

There has been a high emphasis, forming part of supplier's tender submission, to demonstrate their understanding of both the strategic and operational requirements of the newly formed Wokingham Highways Alliance, and how suppliers will support and bring expertise and value to the partnership. During mobilisation partnership and contract meetings at various levels including representation from elected Members and senior officers at Board, Partnership and Operational level will be designed, agreed and scheduled with defined objectives and terms of reference, ensuring appropriate governance, accountability, reporting and transparency.

The MCC procurement utilises the HMEP suite of documents promoted by government, which is a highways specific version of the nationally recognised NEC3 suite (New Engineering and Construction) of contract documents, widely accepted throughout the industry. The core clauses are well understood and specific information is presented in a consistent manner; saving considerable time and effort for all parties. NEC3 and its

derivatives are accepted by the Council's partner Shared Legal Solutions as an appropriate basis for contracts. As with the MCC, the PSCC procurement utilises the NEC3 suite of documents but, in this case, they are drawn from the Professional Services Contract set.

Further to the MCC and PSCC contracts the Council has requested a tri-party partnering NEC contract that will ensure the Council, the successful PSCC and the successful MCC, forming the new Wokingham Highways Alliance from 1 April 2019, will work in partnership as a contractual requirement from the outset, and throughout the lifetime of the contract term.

Performance Management, Reporting, Review and Improvement

The contract terms are seven years from 1 April 2019 with an option to extend for a further three years, subject to satisfactory performance. It was acknowledged early in the process from stakeholder engagement, market feedback, the government promoted HMEP, industry best practice and NEC service contract's standard form that contract performance should be incentivised, beyond contract extension options. To meet the strategic aims of the Council including promoting partnership working, delivering service excellence and ensuring the right culture and behaviours within Wokingham's Highways Alliance, financial incentivisation was determined would best meet these objectives. A punitive approach, focussed around financial contract penalties, was not considered appropriate to deliver the desired outcomes.

The new contracts are designed to place the controls and the risks for service and project delivery with the supplier. For example, if the supplier fails to complete a pothole on time, any financial or service risk, after the Council's due date, sits with the supplier. Contract law requires that any penalties (damages) must be commensurate with the level of loss that the Council (the client) has suffered. Following through this example, the Council carries no financial risk for failure by the supplier to meet the service requirements for the pothole, therefore it would not be possible for the Council to levy financial penalties in this instance.

Although the service and financial risk sits with the MCC in this example the Council is fully aware of reputational risk for unsatisfactory performance. The partnership, governance and contractual requirements set out in the previous section under Partnering, Governance and Contract Form will ensure that the Council, the successful PSCC and successful MCC forming the Wokingham Highways Alliance will be fully aware of strategic and operational requirements, what services are paramount to Wokingham's residents, and the need to react and be agile to changing corporate and political priorities during the life of the contracts. Delivery of services and projects will be transparent and subject to appropriate oversight, monitoring and performance management.

The Council recognise the importance of service excellence and how performance is measured, reviewed and improved over the life of the contracts. In response the Council has designed and developed, in partnership with stakeholders and partners, a comprehensive draft Wokingham Alliance Performance Management Framework (Appendix B). The framework will form part of the new contractual requirements from 1 April 2019. Performance measures are summarised below under strategic, partnership and operational categories based upon an approach aligned with industry best practice,

stakeholder engagement, supported by market feedback and considered proportionate to the tendered services considering their scope and value. Performance measures are designed to be reported at the stated frequencies and considered a reasonable resource demand on Wokingham's Highways Alliance partners for the duration of the contacts, mindful that performance reporting if unrestrained can become an industry in itself.

- 24 No. Strategic Performance Measures reported annually with some data reliant on existing reporting to DfT (Department for Transport), NHT (National Highways and Transportation Networks) and APSE (Association of Public Sector Excellence) with the objective to ensure delivery of the Council's corporate and political priorities aligned to Wokingham's Transport Vision and Highway Asset Management Objectives.
- 11 No. Partnership Performance Measures reported quarterly at Highways Alliance Board with the objective to promote partnership working, business improvement, innovation and the right cultures and behaviours within the Wokingham Highways Alliance.
- 26 No. Operational Performance Measures reported monthly via Alliance Partnership Meeting with the objective to promote contract governance, performance and operational delivery and compliance within the Wokingham Highways Alliance.

During mobilisation the draft framework (Appendix B) will evolve in partnership with the successful alliance partners and the Council's stakeholders, including agreement as to where the performance measures will be reported including some externally via ICT/web live dashboards with public access, some to selected stakeholders including elected Members, to Council officers, audit and scrutiny Council committees and some of a more technical nature potentially retained internally within the Wokingham Highways Alliance. Suppliers will have made assumptions regarding the value of financial incentive they will receive over the life of the contracts, which will have been factored into their price submissions under the tendering process. This ensures the financial incentive being provided by the Council will deliver VFM for the investment, and this approach is considered to best meet the Council's requirements relating to performance.

Procurement and Tender Evaluation Process

The procurement process selected by the Council is known as a "Competitive Procedure with Negotiation". The Council designed and communicated the procedure and timescales via the soft market engagement events throughout 2017, ensuring potential tenderers could influence the process and raise any concerns. This was completed in late 2017, and the Council publicised the process, timescales, evaluation methodology and all procurement and contract documents in January 2018, allowing potential tenderers to be fully aware of the requirements and secure appropriate resources in good time should they be minded to enter the process and bid for these contracts.

The "Competitive Procedure with Negotiation" selected by the Council is a two stage process including a negotiation phase.

Under Stage 1 tenderers were required to meet pre-qualification requirements to demonstrate that their organisations were:

- Not subject to any of the statutory or discretionary exclusion criteria (as mandated by the Crown Commercial Service)
- Met the Council's regulatory and financial requirements
- Committed to comply with all requirements of a bona-fide tender

The companies that met this criteria also responded to a series of questions to demonstrate their experience of providing a similar service, grouped under the categories of: Partnership Working; Contract Experience; Service Delivery, Operational Efficiency; Resources & Supply Chain, ICT and Health & Safety. A team of Officers evaluated the tenderers responses to these questions in order to short-list ideally three but up to a maximum of five candidate organisations to take forward to Full Tender.

Under Stage 2 companies remaining were subsequently Invited to Tender (Round 1 – Initial Tender) by the Council where they were requested to complete and submit the following elements:

| Element of the Evaluation | Weighting |
|----------------------------------|------------------|
| A. Quality Element/s | 60% |
| B. Price Element/s | 40% |
| TOTAL | 100% |

The Quality element (60% weighting) of the Tender was split into the following categories, comprising a series of 15 questions, at the category weightings below, designed by the Council to ensure the quality evaluation was targeting the Council's priorities in relation to this contract:

| Method Statement Category | Weighting |
|---|------------------|
| 1. Vision, Objectives & Partnering | 30% |
| 2. Partnership working, collaboration, review & improvement | 20% |
| 3. ICT & Customer Service | 20% |
| 4. Network & Asset Management | 20% |
| 5. Environmental Management | 10% |
| TOTAL | 100% |

The Price element (40% weighting) of the Tender was designed to account for the forecast level of annual spend at the activities and services forecast to be most utilised by the Council known as the Price Model. This ensured the financial evaluation would mirror the services forecast to be utilised by the Council over the contract term.

Under the Stage 2 "Negotiation Phase" following Initial Tender evaluation there were some areas the Council considered beneficial to seek further clarification upon. This was undertaken by meeting with all the remaining tenderers, and subsequently providing further written instructions, informing tenderers what additional information the Council expected within their Final Tender submissions. This provided the tenderers the opportunity to improve their Initial Tender responses, to better meet the Council's specified requirements, and a wider opportunity to improve their final tenders.

Under Stage 2 Final Tenders were prepared by the tenderers and submitted to the Council for evaluation. The Final Tender evaluation has been undertaken during July and August 2018.

The Quality Element (60% weighting) of the Final Tender was evaluated using the following scoring guide where a team of Officers evaluated the tenderers responses.

| Score | Rating of Response |
|--------------|---|
| 0 | No response provided and/or substantial omissions which make the response fundamentally unacceptable and gives the Council cause for major concern. |
| 1 | Very poor standard of response; fails to meet nearly all requirements, Insufficient information provided or response generally not supported by evidence. Gives the Council cause for a very high level of concern. |
| 2 | Poor response; fails to meet the majority of requirements, insufficient information provided and/or response is generally not supported by evidence. Gives the Council cause for a high level of concern. |
| 3 | Inadequate response; fails to meet some requirements and is generally unsatisfactory and/or has omissions and/or is not supported by evidence. Gives the Council cause for serious concern. |
| 4 | Basic response; borderline in meeting requirements and has some satisfactory elements but is generally unsatisfactory and/or has several omissions. Gives the Council cause for concern in several areas. |
| 5 | Adequate response; generally meets requirements and is supported by a reasonable level of evidence but has a number of omissions which give the Council cause for some concerns in few areas. |
| 6 | Competent standard of response; meets requirements and is supported by a satisfactory level of evidence although there are a few issues which give the Council cause for some minor concerns. |
| 7 | Good standard of response; meets requirements and is supported by evidence although there are a few very minor omissions and/or very minor issues which gives the Council cause for some very minor concerns. |
| 8 | Very Good standard of response; meets requirements and is supported by comprehensive evidence which gives the Council a very good level of confidence. |
| 9 | Excellent standard of response; exceeds the requirements in a number of areas and is supported by strong evidence which gives the Council a high level of confidence. |
| 10 | Exceptional standard of response; exceeds requirements in most areas and is supported by very strong evidence which gives the Council a very high level of confidence. |

The Price element (40% weighting) of the Final Tender was calculated in line with the Chartered Institute of Public Finance and Accounting (CIPFA) scoring model, according to the formula:

$$\text{Score of Other tender (\%)} = \text{maximum Price Score (\%)} \times \frac{\text{Lowest tender total price}}{\text{Other tender total price}}$$

The lowest priced tender was awarded the maximum Price score (Price Element Percentage Weighting). The Other tender scores were then calculated relative to this.

Due to contractual and commercial sensitives the Final Tender evaluation scoring and benchmarking data and Recommendations are provided within the Part 2 papers.

Timetable, Contract Award and Mobilisation

A project programme tilted Highways and Transport Contract Renewal Programme for the renewal of these contracts is provided in Appendix C showing the numerous activities that have been satisfactorily completed to date, and what activities are required prior to the new contracts going live including during the mobilisation phase. The procurement process and activities to date are considered comprehensive, robust, aligned with best practice, and designed to best meet the Council's objectives over the period of the newly formed Wokingham Highways Alliance from April 2019. Key milestones of the formal procurement timetable were agreed with suppliers and the Council's procurement specialist lead during market engagement during 2017:

1. Mid-January 2018 Issue Contract Notice & all documents
2. Mid-February Selection Questionnaires Returns (5 weeks)
3. Mid-March confirm Initial Tenders (8 weeks)
4. Early May Initial Tender Returns
5. Initial evaluation & Negotiation (2+4 weeks)
6. Mid-June Issue Final Tender (4 weeks)
7. Mid-July Final Tender Returns
8. August-September Evaluation & Executive/Full Council for 20 September 2018
9. Contract Award – mid October (25 weeks mobilisation)
10. Contract Start – 1st April 2019

Programme items 1-7 have been satisfactorily completed and have delivered their objectives. During August some minor matters are being clarified with tenderers relating to Final Tenders, and the overall procurement process remains on programme.

Should the Council decide to Award the PSCC and MCC contracts, both WSP and BBLP will commence their demobilisation programs which will run from October 2018 to 31 March 2019. During this period both WSP and BBLP will be required to transfer any data and records to the Council and/or new PSCC/MCC, and will endeavour to close down and complete their larger schemes and projects by the 31 March, resolving as many legacy issues as practicable within this period. The Thames Valley Park & Ride major capital project will run over into Summer 2019, however as this project has its own site based project team, BBLP are committed to completing this project. Both the PSCC and MCC will have indemnity and guarantee periods beyond the contract end dates, and how this is delivered post that date will be agreed during demobilisation. BBLP will be

required to vacate Toutley Depot, including complying with all their lease obligations as part of their exit and demobilisation strategy.

Under the procurement process mobilisation plans have been received by potential PSCC and MCC suppliers. These plans will be refined by the Council, the new PSCC/MCC and integrated with the demobilisation plans from WSP and BBLP to ensure a joined up mobilisation strategy, ensuring efficiency and service delivery are maintained throughout this period.

Toutley Depot is provided by the Council to the MCC under the existing contract. This arrangement is also proposed within the new MCC, and discussions are underway with the Council’s property team to ensure the Toutley site is suitable for use as a highways depot for the life of the new contract term.

Although the six months demobilisation/mobilisation will minimise disruption and ensure essential services are maintained throughout, there will be a tailoring down of the more major schemes, and reducing ability to deliver non-planned works particularly during the period of January to April 2019, while BBLP wind down to vacate Toutley Depot and the newly awarded MCC takes occupation of the site, and starts to deliver the new service along with taking delivery of the new plant, fleet, materials and ICT systems the service will be reliant upon, however all parties will strive to minimise the impact, ensuring core and essential services are prioritised during this period of change.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | Part 2 | Part 2 | Capital & Revenue |
| Next Financial Year (Year 2) | Part 2 | Part 2 | Capital & Revenue |
| Following Financial Year (Year 3) | Part 2 | Part 2 | Capital & Revenue |

Other Financial Information

Costs associated with new Wokingham Highways Alliance form and contracted services have being evaluated against the current PSCC (WSP) and MCC (BBLP) contracts, tenders received by the Council under the procurement process and subject to a benchmarking exercise, to ensure the contracts will deliver VFM. Services are also being re-designed in line with the 21C programme, to ensure the new services and contracts are aligned with stakeholder requirements, and to ensure efficient services that deliver VFM.

Further financial details and supporting data is provided within the PSCC and MCC Evaluation Data and Recommendation Part 2 Papers due to commercial sensitivities.

| Stakeholder Considerations and Consultation | |
|--|--|
| <u>Date</u> | <u>Stakeholder Activity</u> |
| July 2016 | Roads & Potholes- Have your Say Workshop |
| January 2017 | Transport Vision Workshop |
| January 2017 | New Highways Contracts Workshop |
| December 2017 | Joint Board- Contract Update |
| December 2017 | Highways & Transport WBC Online Survey |
| December 2017 | H&T Contract Member Group (Chair Cllr Bowring) |
| January 2018 | O&S Committee- Contract Update |
| February 2018 | Highways Comms Briefing/Workshop |
| April 2018 | H&T Contract Member Group (Chair Cllr Baker) |
| May 2018 | H&T Contract Member Group (Chair Cllr Baker) |
| June 2018 | O&S Committee- Contract Update |
| July 2018 | H&T Contract Member Group (Chair Cllr Pollock) |
| September 2018 | O&S Committee- Contract Update |

Resourcing and Timeline for Next Steps

The procurement process has been delivered and funded within service since 2016. The H&T Contract Renewal Officer Group established in 2016 will continue to provide oversight and governance over the procurement of these contracts, and will morph into an Officer group to oversee the mobilisation of the new contracts. The Officer group will report into the established H&T Contract Renewal Member Group Chaired by the Executive Member for Highways and Transport over the same period, ensuring the new contracts are established and mobilised to meet the operational, strategic and political requirements of the Council.

Timeline for Review and Evaluation

Governance and reporting requirements, including refinement of the Wokingham Highways Alliance Performance Management Framework (Appendix B) will be agreed between Officers, Members and wider stakeholders including the PSCC and MCC in partnership during mobilisation. This process will agree service and contract review and improvement mechanisms, and how they are reported and communicated during mobilisation and throughout the life of the new contracts.

Reasons for considering the report in Part 2

The Part 2 papers for the PSCC and MCC procurement process provides commercially sensitive Quality and Price tender evaluation information, and Recommendations regarding the outcome from both procurement processes, along with options and implications should the Council decide not to Award the PSCC and/or the MCC.

| List of Background Papers | |
|--|--|
| O&S Committee- Contract Update- 18 June 2018 | |
| O&S Committee- Contract Update- 10 September 2018 | |
| Appendix A- Companies attending soft market engagement event- 19 June 2016 | |
| Appendix B- Wokingham Highways Alliance Performance Management Framework | |
| Appendix C- Highways & Transport Contract Renewal Programme | |
| Part 2 Paper- PSCC Evaluation Data and Recommendation | |
| Part 2 Paper- MCC Evaluation Data and Recommendation | |
| Equality Impact Assessment | |
| Contact Alex Deans | Service Customer and Localities |
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