

**From:** Bryan Sweetland, Cabinet Member – Environment, Highways & Waste  
John Burr, Director of Highways & Transportation

**To:** Environment, Highways & Waste Cabinet Committee

**Date:** 20 September 2012

**Subject:** Technical & Environmental Service Contract (TESC)

**Classification:** Unrestricted

**Summary:** This paper is the latest in a series of Member updates on the TESC procurement process and follows on from previous Policy Overview and Scrutiny Committee (POSC) updates, Informal Members Group (IMG) discussions and recent verbal briefings to the EHW Cabinet Committee.

**Recommendations:** Members are asked to note the recent procurement progress and to approve the next steps that will identify the preferred bidder, prior to Cabinet Member sign-off and contract award.

## **1. Introduction**

Some Members may recall the previous 'restricted' Highways and Transportation (H&T) Consultancy Services Reports discussed on both 12 January 2012 and 14 March 2012 at the now decommissioned Policy Overview and Scrutiny Committee (POSC). On 14 March 2012 the decision was taken not to extend the current Jacobs contract beyond 31 March 2013. Members agreed that 'in house' expertise will be supported by a new core contract where general commissions are secured. In addition, a competitive 'framework' of specialist suppliers will be procured.

## **2. Progress to Date**

### Market Engagement

On 16 May 2012, the Leader of the Council welcomed senior representatives from over 40 local, national and global organisations to Kent. Presentations by both the Leader and the Director of Highways and Transportation, gave an overview of KCC's requirements including the procurement strategy and desired solution, including key aspects of the contract. Then on 24 and 25 May 2012, Enterprise & Environment (E&E) held a Market Engagement event with the following randomly selected industry representatives:

WSP, URS, Amey, Halcrow, AECOM, Atkins, DHA Transport, Peter Brett Associates, Jacobs, CTP LLP, Mouchel, Evans & Langford LLP, Ramboll, Parsons Brinckerhoff, Waterman Group.

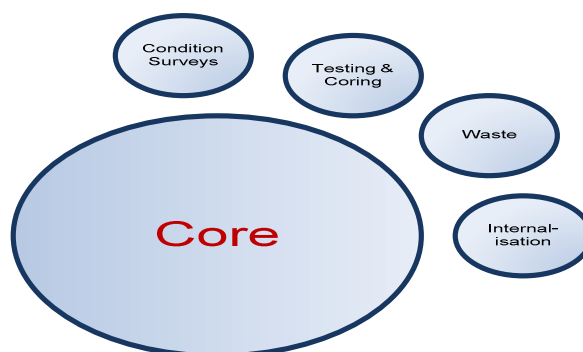
This was an opportunity to identify and discuss solutions to deliver Technical and Environmental services for Enterprise and Environment. Sharing information in this way has helped to develop the scope and framework for the best way forward.

### Commissioning and Procurement Board

On 25 June 2012, the KCC Commissioning and Procurement Board approved the recommendation that the Council should procure a Core Contract plus specialised Lots. This would allow a core contract worth about 80% of the annual £4m - £5m budget to attract suitable companies whilst also delivering the Council some economies of scale. The TESC will be developed to allow other KCC Directorates and District Councils in Kent to commission services.

### **3. The “Paw-Print” Model**

The Paw-Print detailed below, is used to illustrate how the Technical and Environmental Services Contract (TESC) will be comprised of a Core Services contract for the majority of the professional services, with some smaller specialist contracts (“toes”) and internalised services. The Paw-Print approach gives better flexibility in the procurement of services and greater choices without significant additional procurement costs.



The core represents about 80% of the contract value. The “toes” represent three smaller specialist contracts and internalisation as listed below:

1. Road Condition Surveys
2. Materials Testing and Coring
3. Waste Management
4. Internalisation of various H&T functions (including Arboriculture and Structures).

The Council does not want the risk of having a number of different suppliers and therefore inter-dependencies within a process - the management of this would be complex – particularly if there are disputes as this would increase contractual liability upon KCC. To mitigate this, only specialist work is being split out, for example work that is undertaken either at the beginning or the end of a process, or work that is an independent, standalone function.

## 4. Next Steps

### Core Contract

1. *Pre-Qualification*: An Official Journal of the European Union (OJEU) notice and Pre Qualification Questionnaire (PQQ) were published on 13 July 2012. The closing date for bidders to return PQQ's was 22 August 2012. At the time of drafting this paper, the completed PQQ's are being evaluated to short-list between five to eight bidders. There will be a verbal update to the EHW Cabinet Committee on 20 September.
2. *Invitation to Tender (ITT)*: In mid-September, an Invitation to Tender (ITT) will be issued to shortlisted bidders and the unsuccessful applicants will be notified. The five to eight shortlisted bidders have until 1 November 2012 to submit their final tenders. During this period there will be a Bidders Clarification Day where potential providers meet KCC representatives (Officers and Members) to discuss the TESC requirements in more detail.
3. *Tender Presentations*: Tender presentations take place between 16 – 22 November. Historically, Members have played a key role in this process and are invited to volunteer themselves on this occasion too. This will be discussed further at the EHW Cabinet Committee on 20 September.
4. *Preferred Bidder Identified*: By the end of November, the preferred bidder will be identified and a report prepared for the Commissioning and Procurement Board. The Board will meet on 12 December to approve the preferred bidder. Once approved, there will be a mandatory standstill period of at least ten calendar days (this is a requirement for all contracts tendered via the OJEU) before the Cabinet Member signs off the award of the contract.
5. *Mobilisation*: Mobilisation must have commenced by early January 2013 to allow both KCC and the new provider sufficient time to start the new contract on 1 April 2013.

### The Smaller (“Toe”) Contracts

The “Road Condition Surveys” and “Materials Testing & Coring” contracts will both be procured separately, with support from the Corporate Procurement Team, under “Spending the Council’s Money”. These contracts will commence on 1 April 2013, in line with the start of the TESC Core Contract.

### H&T Internalisation

The on-going series of changes and adjustments to service structure and design continues through the internalisation of certain functions previously provided by Jacobs. This currently includes bringing Structures and Arboriculture back in house.

Waste Management – Waste lead the procurement of a stand-alone contract.

## **5. Financial Implications**

The proposed contract spend by KCC will be approximately £4m - £5m per year for an initial period of up to 5 years, with possible extension(s) for a further 5 years. This is a significant potential reduction on historic spend through the “Jacobs” contract which was worth around £12m – £13m per year in 2010/11.

## **6. Bold Steps for Kent and Policy Framework**

The TESC aims to encourage the use of local Kent supply chains and employment of a % of Kent apprentices in a similar way to the Enterprise Term Maintenance contract. The Materials Testing and Coring contract is one that may suit the local labour market. The contract will use key indicators to drive performance with financial penalties if standards are not met.

At the PQQ stage, applicants have been assessed on their experience at attracting inward investment/funding for successful transport schemes and strategies. H&T will look to utilise this knowledge through the new contract.

## **7. Conclusions**

In collaboration with the KCC Procurement Team, a robust and focussed procurement process continues to progress as outlined in this paper.

## **8. Recommendations**

Members are asked to:

- Note the contents of this report.
- Agree the Next Steps as detailed in Section 5 of this paper, thereby authorising the Cabinet Member to sign and award the future contract.
- Select a small Member group to help with both the Bidders Clarification Day and assessment of the Tender Presentations.

## **9. Background Documents**

See EHW Policy Overview and Scrutiny Committee meetings:

12 January 2012

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=529&MId=3968&Ver=4>

14 March 2012

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=529&MId=3969&Ver=4>

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