

From: Simon Jones – Director of Highways, Transportation and Waste

To: Michael Payne, Cabinet Member for Highways and Transport

Subject: **Professional Services Framework Contract Award**

Decision No: 20/00011

Classification: **Restricted**

Summary: This report provides the

- Background to Highways, Transportation and Waste's Technical and Professional Services requirements;
- current and previous method of accessing Technical and Professional Services; and
- summary of the work undertaken to commission the new Professional Services contract with other options considered.

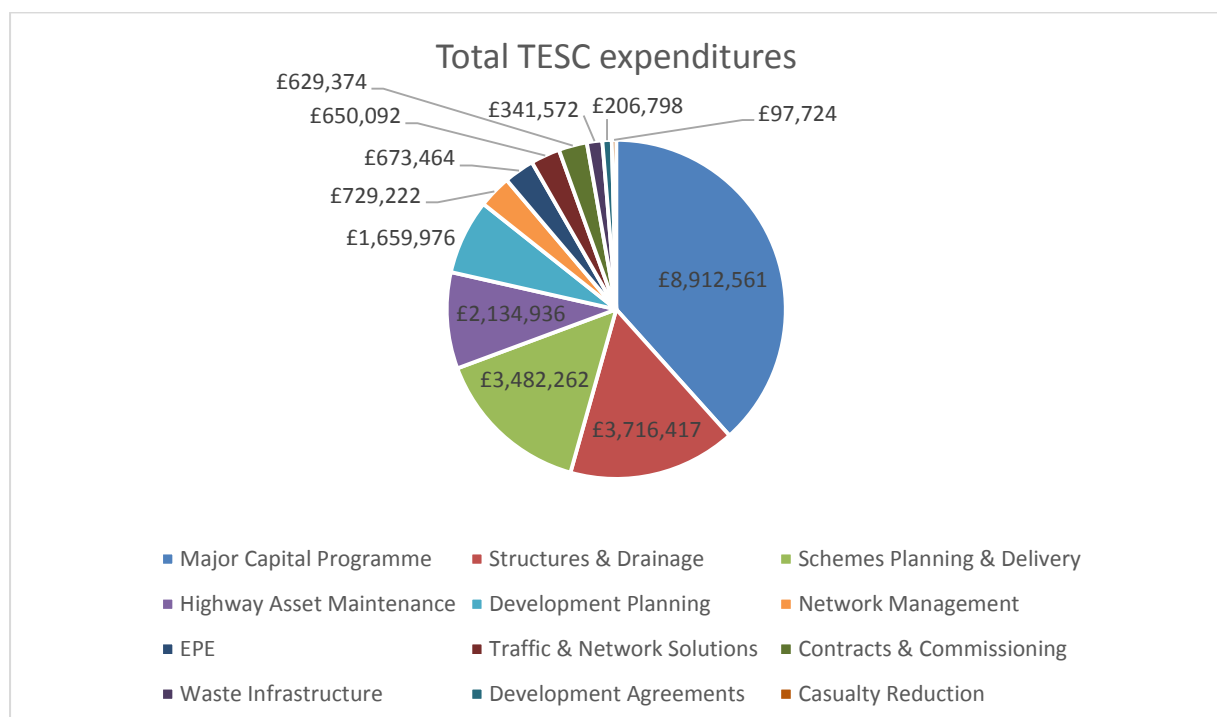
Recommendation:

The Cabinet Member for Highways and Transport is asked to provide the Director of Highways, Transportation & Waste the delegated authority to enter into appropriate contractual arrangements for the provision of technical environmental professional services Framework contract, including any possible future extensions.

1 Introduction

- 1.1 The Transportation service's aim is to "Plan and improve our highway network to help the Kent economy grow and to ensure that it is as safe and efficient as possible".
- 1.2 This includes casualty reduction, assisting developers in minimising the impact of their proposals on the travelling public, planning transport to help the Kent economy grow, highway and transport modelling, transport strategies, delivery of major capital projects, minor improvements and local growth funded schemes, ensuring projects funded by others meet Kent's highway standards and ensure that any changes and improvements to our network take account of their future maintainability and reduce lifecycle costs overall.
- 1.3 To achieve these aims HTW require access to specialist technical engineering expert advice and services.
- 1.4 These services in the past, have been fulfilled via single supplier contract arrangements. Babtie, Jacobs, and most recently Amey. Since the expiry of the Amey contract, we have been accessing professional services via several national frameworks.

- 1.5 A commissioning project explored the options to deliver the most appropriate professional services requirements to enable the fulfilment our statutory obligations.
- 1.6 The aim of this commissioning project was to create a flexible, resilient mechanism to be able to seamlessly procure multidisciplinary technical expertise to guarantee the achievement of our strategic objectives.
- 1.7 The Professional Services are managed by the Transportation team who are responsible for Planned highway network improvements to help the Kent economy grow and to ensure that it is as safe and efficient as possible. Over the five-year life of the previous Amey TESC contract, a total of £23m worth of services were commissioned:



- 1.8 As an intelligent client within Highway, Transportation and Waste (HTW), Transportation is responsible for managing a range of different service requirements to deliver an effective Highway Services for the public.
- 1.9 The range of services required can be categorised under the following main headings:
- Highways and Engineering e.g.;
 - Highways design and supervision
 - Road Safety Auditing
 - Construction Design and Management CDM
 - Planning and Environment
 - Transport feasibility studies
 - Transport Option Evaluation & Appraisal

- Accident analysis and specialist road safety engineering
 - Surveys and Investigations
 - Traffic & Transport Data Collection
 - Ground Penetrating Radar Surveys
 - Commercial Services
 - Commercial QS
 - Contract Preparation and Measurement / Software development
- 1.10 A conclusion was reached that a new delivery model is required as the previous methods of contracting these services via a single supply arrangement is not appropriate.
- Market engagement has shown that this option is not attractive to suppliers despite the volume of work associated with these services.
 - This option removes any ongoing competitive tension and is more likely to lead to supplier complacency
- 1.11 As presented to ETCC on 15 July 2017, the **Technical & Environmental Services Contract (TESC)** were delivered by Amey Consulting; this expired on the 31st March 2018. At the meeting it was agreed that this TESC contract should not be extended and the service requirements should be sought through Local Government OJEU compliant frameworks. Allowing time to fully evaluate the options available to the Authority to ensure continuity of service.
- 1.12 Delegated authority was given to the Highways Transportation and Waste Director to enter into appropriate contractual arrangements for the provision of professional, technical and environmental services, this was formally ratified through the Cabinet Members Decision 17/00048.
- 1.13 During the commissioning project undertaken in 2018/19, significant officer time was dedicated to reviewing the specifications and delivery model for these services.

2 Delivery models

- 2.1 An evaluation of the possible options was presented to the Strategic Commissioning Board, they were:
- Option 1 Procure a professional services framework with multiple suppliers (optimum number of four suppliers).
 - Option 2 Procure a similar large-scale contract with a single provider
- 2.2 HTW were asked to develop Option 1 with KCC Strategic and Corporate Services working together to develop the strategy and procurement details.
- 2.3.1 Option 1

Procure a professional services framework with multiple suppliers (optimum number of four suppliers).

- This would appoint up to four suppliers to a framework with no workload guarantee.
- Through market engagement, suppliers said that this is their preferred approach .
- It has been indicated by suppliers that they are willing to integrate and develop their supply chains with Kent's existing specialist SMEs with a view to establishing their own presence in the County.
- To commission works by direct award for lower value projects and run mini competitions for higher value projects.
- To generate competitive tension and deliver best value

2.3.2 Option 2

Procure a similar large-scale contract with a single provider.

- This would award a single Highways consultant to a contract as previously used.
- Market engagement has shown that this option is not as attractive to suppliers despite the volume of work associated with these services.
- This option removes any competitive tension and is more likely to lead to supplier complacency

2.4 Continued use of the existing national frameworks has been ruled out as:

- KCC has had no commercial input to their terms and conditions or their approach.
- Value for money is not guaranteed.
- The processes are cumbersome, time consuming and inconsistent with each other.
- KCC has no formal means to address poor performance.
- There are too many suppliers on these frameworks (the market indicates it is too much competition).
- There is no incentive to build long-term professional relationships with KCC.

2.5 Option 1, procuring a multidisciplinary framework with four suppliers was preferred as it:

- Generates ongoing competitive tension to deliver best value, any more dilutes competition and enthusiasm to engage / compete for works.
- Creates resilience of work completion, we can manage failures and workloads by falling back to the other suppliers if necessary.
- Fewer consultants enables the formation of stronger working relationships
- Increased likelihood of Suppliers investing locally due to the potential larger proportion of work won. 1 in 4

3 Key Personnel (TUPE Transfer Risk)

- 3.1 There is a very low and manageable likelihood of TUPE transfer, currently a Professional Services contract entity does not exist to be transferred from. There are therefore no staff employed that solely furnish the requirements for the County Council.
- 3.2 There may be an element of the services within the Highways Term Maintenance Contract that maybe transferred to this contract. This will be confirmed at a later date
- 3.3 All suppliers have been made aware of this potential and a payment mechanism to account for this transfer is included in the tendered contract.

4 Financial Implications

- 4.1 Historic data from the previous Amey contract identified that HTW spent on average £4m per annum on Professional Services.
- 4.2 Through its five-year life, a total of £23m worth of services in 650 work orders were put through the previous contract and was spent across the teams in the following proportions.

Team	Total Spend	% of overall spend
Major Capital Programme	£8,912,561	38.36%
Structures & Drainage	£3,716,417	16.00%
Schemes Planning & Delivery	£3,482,262	14.99%
Highway Asset Maintenance	£2,134,936	9.19%
Development Planning	£1,659,976	7.14%
Network Management	£729,222	3.14%
EPE	£673,464	2.90%
Traffic & Network Solutions	£650,092	2.80%
Contracts & Commissioning	£629,374	2.71%
Waste Infrastructure	£341,572	1.47%
Development Agreements	£206,798	0.89%
Casualty Reduction	£97,724	0.42%

- 4.3 The majority of spending through this contract is Capital funding on Major Projects, which are delivered by the Transportation Service Unit
- 4.4 Funding is principally gained from central government funding bids including: National Productivity Investment Fund, Housing Infrastructure Fund, South East Local Partnership Local Growth Fund, Growth and Housing Fund or Section 106 contributions.
- 4.5 The impact on the council's Revenue budget is contained within the staff time involved in commissioning the services and projects themselves. This is part of the day to day work of any professional client.

5 Strategic Commissioning Board (SCB)

- 5.1 A Professional Services Framework Contract Paper was presented to SCB on the 31st January 2019.

- 5.2 The Board were supportive of Option 1 only identifying the following risks and concerns:
- Inflation over the life of the contract.
 - Revising the upper financial limit of expenditure through the contract as to not limit ourselves.
- 5.3 Market engagement and benchmarking with other Local Authorities to test the supplier's capacity and business delivery models was conducted prior to SCB strengthening the approach of Option 1. This ensured KCC fully understood the supply chain to develop an appropriate way forward prior to undertaking competitive procurement.

6. Next Steps

- 6.1 The tendering process to contract 4 Suppliers onto a Framework agreement to provide HTW with the required technical and specialist expertise is to conclude on January 27th, 2020. Thirteen suppliers competitively tendered for the contract through Open tender with Negotiation.
- 6.2 Once the tendering process is complete and subject to this Key Decision a 'Recommendation to Award' report will be presented to the Director of Highways, Transportation and Waste to ratify the contractual arrangements of this Professional Services with the suppliers.
- 6.3 The contract will commence up signing at the start of February 2020

7. Recommendation

- 7.1 The Cabinet Member for Highways and Transport is asked to provide the Director of Highways, Transportation & Waste the delegated authority to enter into appropriate contractual arrangements for the provision of technical environmental professional services Framework contract, including any possible future extensions.

8. Appendices:

- Appendix A: Proposed Record of Decision

9. Contact Details

Report Author

Tim Read, Head of Transportation

03000 411662

Tim.read@kent.gov.uk

Relevant Director:

Simon Jones – Director of Highways, Transportation & Waste

03000 413479

Simon.jones@kent.gov.uk

