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REPORT OF  
The Strategic Director for Place  
TO  
Procurement Board  
ON  
26<sup>th</sup> June 2019

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TITLE: Procurement of a Minor Civils framework, Drainage Improvement supplier and Strategic Partner.

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RECOMMENDATION:

That Procurement Board endorse to start the procurement process for a:

- Minor Civils Framework
  - Drainage Improvement supplier
  - Strategic Partner
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EXECUTIVE SUMMARY:

The purpose of this report is to request approval to go out competition for the delivery of the above mentioned service.

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BACKGROUND DOCUMENTS: N/A

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KEY DECISION: No

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DETAILS:

In preparation for services at Urban Vision (UV) coming back to the council from 1<sup>st</sup> February 2020, Salford City Council (SCC) has been undertaking a transition programme in preparation to receive and operate the service with minimal disruption.

One of the key parts of the transition programme covers the SCC readiness to run the services effectively and efficiently from 1st February 2020, which includes ensuring we have the relevant procurement strategy in place to receive and operate the service. As such there is a Procurement work stream which is putting the necessary arrangements in place to have compliant routes to market for all services, materials and contractors required by the service.

There has been a detailed analysis undertaken of the current suppliers to UV and procurement strategy identified in order to ensure the continuity of service and its effective performance post transfer. As such, there is a requirement to procure and manage contracts with third party suppliers, and to procure goods and services as and when they are required to allow for continuity of delivery.

The purpose of this report is to request going out to tender to start the planned procurement activity required for the smooth transition of UV.

## **PLANNED PROCUREMENT ACTIVITY**

The table at Appendix A lists each of the items which have been identified in scope to procure over the next financial year up to October 2019, the estimated value of the contract, the proposed method of procurement, and the funding stream. There will be other planned procurement activity towards the end of this current financial year which there will be a further report brought to the Procurement Board to agree each.

### **Minor Civils Framework**

Currently UV tender for minor highways jobs individually and rely on a local supply chain to undertake these works. Therefore, it is proposed to set up an SCC Minor Civils Framework through a tender procedure via the Chest. It is envisaged that there will be a lotting structure of,

Lot 1 :<£250k Single Award to the one contractor awarded the Lot

Lot 2 :>£250k Mini Competition between the suppliers on this Lot

The value would be up to, but not guaranteed, at a total value of £4m for an 18 month period. This would secure the contractors to undertake these works from Oct 2019 to March 2021. This would provide SCC time in 2020 to undertake a larger, OJEU compliant, procurement process for a longer time period once the service has returned in house.

### **Drainage Improvement Programme**

Currently UV tender for the Drainage Improvement Programme annually, therefore to have a contractor in place for Feb 2020 SCC will need to procure this service from Oct 2019.

It is proposed to go out to an open tender process via Chest to procure these services which includes undertaking highway surface water drainage surveys using CCTV, repair and/or replace highway drainage systems and replacement damaged

or obsolete gully cover, frame and pots. Between both the revenue and capital funded elements of the work this has totalled c£580k in previous years and so we would be looking to procure for a similar value dependent on budget availability.

### **Strategic Partner**

Whilst core services will be delivered in house by staff returning from secondment and those transferring across from Capita and GT, it has been recognised that additional top up services will be required and these are best delivered via a strategic partner with no exclusivity or guaranteed turnover.

The team within Regeneration held a market engagement event with suppliers in January to help us decide how best to procure a partner. There was a great deal of interest with suppliers keen to work with Salford and various procurement routes have been explored. The project team are proposing to begin the process with the procurement team to undertake an OJEU compliant procurement exercise in 2019 looking at technical, development and corporate lots.

#### **KEY COUNCIL POLICIES:**

Enhancing Life in Salford, Think Efficiency, Improving the Environment

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EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: N/A

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#### **ASSESSMENT OF RISK:**

The risk of not being able to go out to tender for these services will mean that UV will not have the ability to be able to continue to provide the service in place to allow for a smooth transition and continuity of service.

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#### **SOURCE OF FUNDING:**

See financial comments below.

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**LEGAL IMPLICATIONS:** Supplied by: Tony Hatton, Principal Solicitor, tel. 219 6323

When commissioning contracts for the procurement of goods, services or the execution of works the Council as a 'contracting authority' must comply with the Public Contract Regulations 2015 (PCR) as well as the provisions of its own Contractual Standing Orders (CSO's), Financial Regulations and the duties of Best and Social value, failing which the award of a contract may be subject to legal challenge.

The report sets out that the Council proposes to enter into an OJEU compliant procurement process for the appointment of a strategic partner. Undertaking a

compliant tender exercise will give some comfort to the Council in ensuring that value for money is being obtained and tested, with open competition maintained. The carrying out of a compliant procurement exercise will ensure that the risk of challenge to the award of the contract to the selected contractor is minimal and that any challenge, should it materialise, is unlikely to be successful.

Once the minor highways framework has been set up, again using a fully compliant process, the arrangement will enable the Council to call-off the specified services against the agreed set of terms etc. should it wish to do so within the lifespan of the framework. The framework itself is not a contract and it must be made clear to providers on the framework that the Council is under no obligation to guarantee a certain volume of work or any work to any of the providers who are on it. Effectively being party to the agreement does not place any obligation on the Council (or any other eligible authority) to use the framework, but provides them with the opportunity to do so.

The maximum term for the framework agreement will be a 4 year period, and the terms and conditions established under the framework govern the contracts let under it, although each contract will inevitably have some differences to reflect the agreement struck between the parties to the contract. At the end of this potential 4 year period, the framework must be dissolved and suppliers for highways works re-competed for. If necessary a new framework can then be established. This again ensures that value for money can be periodically tested and open competition maintained. The period of the individual contracts established under the framework can be as long or as short as the authority requires, and may be entered into at any time during the period of the framework arrangement.

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FINANCIAL IMPLICATIONS: Supplied by: Alison Woods, Finance Officer, Tel. 925 1135

Date:- 17th June 2019

There are approved Capital and Revenue budgets in place for the financial year 2019/20, to allow for the procurement of the Minor Civils Framework and Drainage Improvement Programme, in accordance with the Council's Contractual Standing Orders via an open tender and in line with the figures provided in Appendix A.

Further detail will be required when available regarding the appointment of a strategic partner to support the delivery of post transition services, in order to appropriately comment on the financial implications.

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PROCUREMENT IMPLICATIONS: Supplied by: The Corporate Procurement Team

Procuring both the Minor Civils Framework and Drainage Improvement Programme through an open tender procedure via the Chest complies with both EU legislation and Salford City Council's Contractual Standing Orders. The Council is not avoiding full public tender (i.e. advertising to OJEU) but is introducing interim contractual arrangements to allow time to better prepare for procurement, following the expiry of

the current Strategic Partnership contract with Urban Vision on the 31st January 2020.

An OJEU compliant procurement exercise will be undertaken to procure a new Strategic Partner, which complies with Salford City Council's Contractual Standing Orders. At this stage, the full scope, value of work and procurement route to market is not clear, but this detail will follow in a further report at a later date once fully defined.

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**OTHER DIRECTORATES CONSULTED:**

List other parts of the organisation consulted with if applicable. Also identify if this is a joint report and if it is, also reflect this in the Heading

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**CONTACT OFFICER:** Hayley Nixon

**TEL. NO.**686 7413

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**WARD(S) TO WHICH REPORT RELATE(S):** None

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<b>APPENDIX A – PLANNED PROCUREMENT ACTIVITY</b>			
<b>Title/Description of Service/Supply/Project</b>	<b>Strategic Partner</b>	<b>Minor Highways Framework</b>	<b>Drainage Improvement Programme</b>
<b>Approximate Project or Annual Value</b>	No minimum value	£4m	£580k in 18/19 (Likely to be reduced in 20/21)
<b>Funding Stream</b>	Capital	Capital	Revenue/ Capital
<b>Commencement of Procurement Activity</b>	October 2019	June 2019	October 2019