



**TRAFFORD  
COUNCIL**

**AGENDA PAPERS FOR  
SCRUTINY COMMITTEE MEETING**

**Date: Thursday, 26 February 2015**

**Time: 6.30 p.m.**

**Place: Trafford Town Hall, Talbot Road, Stretford M32 0TH**

<b>A G E N D A</b>	<b>PART I</b>	<b>Pages</b>
1. <b>ATTENDANCES</b>		
To note attendances, including Officers, and any apologies for absence.		
2. <b>MINUTES</b>		
To receive and, if so determined, to agree as a correct record the Minutes of the meeting held on 29 October 2014.		
		1 - 4
3. <b>DECLARATIONS OF INTEREST</b>		
Members to give notice of any interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.		
4. <b>PART I: RESHAPING TRAFFORD: ECONOMIC GROWTH, ENVIRONMENT AND INFRASTRUCTURE</b>		
To consider a report of the Director of Growth and Regulatory Services.		
		5 - 12
5. <b>URGENT BUSINESS (IF ANY)</b>		
Any other item or items (not likely to disclose "exempt information") which, by reason of special circumstances (to be specified), the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.		

## Scrutiny Committee - Thursday, 26 February 2015

### 6. EXCLUSION RESOLUTION (REMAINING ITEMS)

Motion (Which may be amended as Members think fit):

That the public be excluded from this meeting during consideration of the remaining items on the agenda, because of the likelihood of disclosure of "exempt information" which falls within one or more descriptive category or categories of the Local Government Act 1972, Schedule 12A, as amended by The Local Government (Access to Information) (Variation) Order 2006, and specified on the agenda item or report relating to each such item respectively.

### 7. PART II: RESHAPING TRAFFORD: ECONOMIC GROWTH, ENVIRONMENT AND INFRASTRUCTURE

To consider a report of the Director of Growth and Regulatory Services.

Para. 3

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#### **THERESA GRANT**

Chief Executive

#### Membership of the Committee

Councillors A. Mitchell (Chairman), M. Cordingley (Vice-Chairman), R. Bowker, D. Butt, K. Carter, L. Dagnall, Mrs. P. Dixon, Mrs. L. Evans, J. Holden, B. Sharp, D. Western and J. Lloyd (ex-Officio)

#### Further Information

For help, advice and information about this meeting please contact:

Chris Gaffey, Democratic & Scrutiny Officer, 0161 912 2019

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This agenda was issued on **Wednesday, 18 February 2015** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH.

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## SCRUTINY COMMITTEE

29 OCTOBER 2014

### PRESENT

Councillor A. Mitchell (Chairman), M. Cordingley (Vice-Chairman), R. Bowker, D. Butt, K. Carter, L. Dagnall, Mrs. P. Dixon, Mrs. L. Evans, J. Holden, Mrs J. Reilly, D. Western and J. Lloyd (ex-Officio)

#### In attendance

Councillor S. Anstee	Leader of the Council
Councillor R. Chilton	Member of the Health Scrutiny Committee
Councillor M. Hyman	Executive Member for Economic Growth and Planning
Councillor John Reilly	Executive Member for Environment and Operations
Councillor P. Young	Vice-Chairman of the Health Scrutiny Committee

#### Also Present

I. Duncan	Director of Finance
P. Forrester	Democratic and Performance Services Manager
D. Geary	Senior Business Change Manager
R. Hughes	Democratic Services Officer
J. Le Fevre	Director of Legal and Democratic Services
R. Roe	Director of Growth and Regulatory Services

### APOLOGIES

Apologies for absence were received from Councillors J.Harding and D. Higgins, and from co-opted member of the Scrutiny Committee Mr D. Kitchen.

### 9. ATTENDANCES

Apologies for absence were received from Councillors J. Harding and D. Higgins.

### 10. MINUTES

RESOLVED: That the Minutes of the meeting held on 22nd July 2014 be agreed as a correct record and signed by the Chairman.

### 11. DECLARATIONS OF INTEREST

No declarations of interests were made by Members.

### 12. BUDGET SCRUTINY 2015-16

The Committee received a presentation from the Leader of the Council which set out the Executive's Budget Proposals for 2015/16. It was explained that the budget would be delivered in a context of increasing demand on Council services, with Directorates expected to maintain high quality service standards despite further reductions in central funding.

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The Committee were informed that it was progressively more difficult to make savings each year, and that it was necessary to make difficult decisions about service delivery in order to retain quality and reduce costs. The projected deficit between the financial cost of increases in demand for services and the reduction in funding necessitated a 'reshaping' of Council service delivery.

The Leader of the Council responded to a number of questions from the Committee concerning the impact of the business rate growth scheme on the budget, the potential savings from commissioning services from private sector partners, and future changes to Council Tax rates.

The Chairman of the Scrutiny Committee thanked the Leader of the Council for the presentation and set out the proposed process and arrangements for budget scrutiny. Two budget scrutiny working groups were to be held between Scrutiny Members, Executive Members and Corporate Directors before the Committee would return a Budget Scrutiny Report to Executive in January. Members were asked to contact Democratic Services to indicate which sessions they intended to participate in, and to submit questions and issues to the respective Chairs in advance of the sessions.

**RESOLVED:**

- 1) That the content of the report be noted;
- 2) That Scrutiny Members identify which service area review groups they would wish to participate in, and notify the respective Chairmen and officers accordingly;
- 3) That the working groups review the budget proposals for the service areas in which they are interested, identify focused questions and notify the respective Chairmen and officers accordingly; and
- 4) That authority to finalise the Budget Scrutiny Report be delegated to the Democratic & Performance Services Manager in consultation with the Chairman and Vice-Chairman of the Committee.

**13. EXECUTIVE'S RESPONSE TO THE CYCLING REVIEW**

The Executive's formal response to the Scrutiny Committee's Cycling Review was submitted to the Committee.

Councillor Rob Chilton addressed the Executive's response to each of the Committee's 10 recommendations, stating that it was a very good response overall but noted that the response to recommendation 7 on cycle parking facilities required more detail on specific areas, and that recommendation 8 could be supported by Members attending events if officers' availability is limited.

RESOLVED: That

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- 1) the Committee receives and notes the Executive's response to the Cycling Review; and
- 2) Councillor Chilton's comments are referred to the Executive.

**14. SCRUTINY WORK PROGRAMME - UPDATE**

The Democratic & Performance Services Manager gave an update of issues surrounding the Committee's work programme. It was suggested that the Scrutiny Committee's meeting on 10<sup>th</sup> December might be re-arranged for late January to co-ordinate with the timeframes of the Joint Venture process, which the Committee would be notified of in due course.

Councillor Mike Cordingley notified the Committee that there had been issues concerning arrangements for Home to School Transport, and that he would contact Members of the Committee following the meeting to arrange a delegation to follow-up the Committee's concerns.

RESOLVED: That the update be noted.

**15. REVIEW OF JOINT VENTURE PROGRESS**

The Director of Growth and Regulatory Services presented an overview and update of the Joint Venture process for engaging private sector partners to deliver Environmental, Highways, Professional, Technical and Infrastructure services under three 'lots'. It was intended that the procurement process would provide significant savings in service delivery, maintain service standards and protect Council employees' jobs. The key risks to the Joint Venture were identified, which included performance monitoring, the realisation of expected benefits, the transferability of contract arrangements and slip and trip insurance claims, and the strategy for managing each risk was outlined.

**16. EXCLUSION RESOLUTION (REMAINING ITEMS)**

RESOLVED: That the public be excluded from this meeting during consideration of the remaining item of business because of the likelihood of disclosure of "exempt information" which falls within Paragraph 3 of schedule 12A of the Local Government Act 1972, as amended.

**17. REVIEW OF JOINT VENTURE PROGRESS (PART II)**

The Committee received a confidential report containing commercially sensitive information relating to the terms of the Joint Venture contracts, the evaluation criteria for reviewing bids and an overview of the shortlisted bids. The Director of Growth and Regulatory Services and the Director of Legal and Democratic Services responded to a number of questions from the Committee concerning the commissioning and evaluation process and the arrangements for monitoring contract performance.

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The Chairman thanked the Director of Growth and Regulatory Services for a valuable introduction to a critical aspect of the process for 'Reshaping Trafford', and noted that the Joint Venture would be revisited by the Committee at the meeting that would now be scheduled for January.

RESOLVED: That the presentation be noted.

The meeting commenced at 6.00 pm and finished at 8.25 pm

## TRAFFORD COUNCIL

**Report to:** Overview and Scrutiny Committee  
**Date:** 26<sup>th</sup> February 2015  
**Report of:** Director of Growth and Regulatory Services

### Report Title

**RESHAPING TRAFFORD: Economic Growth, Environment and Infrastructure**

### Summary

Following the Scrutiny Committee presentation in October 2014, it was agreed that a further briefing be scheduled for February 2015 to provide Scrutiny with an update on whether the desired outcomes have been achieved to engage private sector partners for the delivery of a range of environmental, highways, professional, technical and infrastructure services.

This report provides an update on the procurement process prior to the report being issued to the Executive.

### Recommendation(s)

It is recommended that:

- (1) the report on progress to date is noted; and
- (2) the outcome of the procurement process is considered prior to the Executive meeting on 16<sup>th</sup> March 2015.

### Contact person for access to background papers and further information:

Richard Roe, Director of Growth and Regulatory Services and Dianne Geary, Senior Business Change Manager.

Extensions: x4265 and x1821

Background Papers: None

## 1. BACKGROUND

- 1.1 Trafford faces substantial financial pressures and the budgets for 2015 to 2018 will require further innovative savings provisions to be considered. This will involve a number of different approaches including reducing contract costs through improved procurement, commissioning of services, managing demand and partnership working.
- 1.2 Trafford is taking these different approaches forward through its 'Reshaping Trafford' programme and is identifying potential alternative delivery models, opportunities for increasing income and efficiencies across the full range of our services.
- 1.3 A range of services across the Economic Growth, Environment and Infrastructure directorate were identified as being appropriate for delivery through an alternative model. This built on the experience of contracting out the delivery of the domestic and commercial waste services. The services being considered under this exercise are Trafford's Environmental Services, including Commercial Waste, Domestic Waste, Street Cleaning and Grounds Maintenance; plus Highways Services, including Winter Maintenance, Bridges, Traffic and Transportation, Road Safety, Street Lighting and Furniture; Drainage; Greenspace Strategy; the Let Estate; Corporate Landlord; and Major Projects teams. Contracts will be required to be in place from early 2015/16.
- 1.4 The Executive set four high level desired outcomes to be delivered through this procurement exercise, specifically:
  - To deliver a minimum of 20% savings against the net budget from contract commencement.
  - To deliver further, future efficiency savings through continuous improvement and innovation in service provision through the contract life.
  - To have flexibility, recognising the challenging financial climate facing local authorities at the moment.
  - Protect jobs and maintain service standards in so far as practicable.
- 1.5 The Executive in March 2014 approved the publication of an OJEU notice for specified services, authorised the Corporate Director of Economic Growth, Environment and Infrastructure to extend the current Veolia waste contract by up to 12 months and provided delegated authority to approve the final service specifications, tenderer selection and evaluation criteria to be published with the OJEU notice, including moving services between Lots.
- 1.6 The Executive in September 2014 approved the next stage of the procurement process for the shortlisted bidders, the Invitation to Submit Detailed Solutions.
- 1.7 The Executive in December 2014 received a report on progress so far in achieving the desired outcomes of the procurement exercise, before the Call for Final Tender was issued.



## **2. SERVICES IN SCOPE**

- 2.1 The contracts are being procured through a single procurement exercise, based upon competitive market dialogue, with services being offered in three Lots, including two sub-lots. Potential partners have been able to tender for any combination of Lots (and sub-lots), being:

### **Lot 1: Environmental Services:**

#### Lot 1a: Trafford Environmental Services

Domestic waste;  
Commercial waste;  
Grounds maintenance; and  
Street cleansing.

#### Lot 1b: Manchester Environmental Services

Domestic waste; and  
Street cleansing.

### **Lot 2: Highways & Street Lighting (operational):**

#### Lot 2a: Highways:

Highways;  
Winter maintenance; and  
Gully cleansing.

#### Lot 2b: Street Lighting

Street lighting infrastructure;  
LED street lighting project; and  
Street furniture.

### **Lot 3: Technical Services:**

Highways and Bridges (engineering etc.);  
Professional Services including Engineering Design; Asset, Project and Contract Management; and Developers Interface;  
Building Professional Services including Major Building Projects; Structural Engineering; Mechanical and Electrical Engineering; Landscape Architects;  
Operational Estate/Asset Management for the Corporate Estate and Schools;  
Property Development; and Land Sales;  
Management of Trafford's Investment Estate;  
Facilities management;  
Major Projects Team (Capital Build Team); and  
Capital Development Team.

- 2.2 The Council will continue to provide strategic oversight and retain responsibility for setting strategy, policy and agreeing service standards, supported by robust contract management throughout the life of the contract.

### **3. PROGRESS TO DATE**

- 3.1 The OJEU notice for Trafford was issued on 10th April 2014 (in collaboration with Manchester City Council), followed by the release of the Pre-Qualification Questionnaire (PQQ) on the 1<sup>st</sup> May to all organisations who had expressed an interest.
- 3.2 Pre-Qualifying Questionnaires were received on 2nd June 2014 and were evaluated by Council officers and a shortlist of bidders across the Lots were selected to proceed to the next stage.
- 3.3 The shortlist to the Invitation to Participate in Dialogue/Invitation to Submit Outline Solutions (ITPD/ISOS) was released on 27th June 2014, followed by competitive dialogue meetings during July. One bidder withdrew from the process during the competitive dialogue phase. Outline solutions were submitted on the 28th July 2014 and evaluated by Council officers.
- 3.4 Following approval at Executive on 1st September 2014, the shortlist to the Invitation to Submit Detailed Solutions (ISDS) was released on 9th September 2014. Further competitive dialogue ensued during September and October. Three bidders withdrew from the process during the competitive dialogue phase. The remaining bidders submitted Detailed Solutions for a range of Lots on 31st October 2014.
- 3.5 A briefing was delivered to Scrutiny Committee on 29th October 2014, explaining the desired outcomes, procurement process to date, next steps and key issues, followed by an explanation of the detailed solutions evaluation criteria. Officers answered questions raised by the Committee during the briefing.
- 3.6 The shortlist for Invitation to Pursue Further Competitive Dialogue (IPFCD) was released on 13<sup>th</sup> November 2014. Further dialogue commenced on 24<sup>th</sup> November 2014 and was completed by 22<sup>nd</sup> January 2015.
- 3.7 The Invitation to Submit Final Tender (ISFT) was released on 23<sup>rd</sup> January 2015 and submissions were received from bidders on 2<sup>nd</sup> February 2015. Evaluation and moderation is expected to be complete by 27<sup>th</sup> February 2015.
- 3.8 The names of the bidders invited to submit a final tender are below:

**Lot 1a:**

- Amey LG
- Veolia ES (UK) Ltd

**Lot 2a:**

- Amey LG
- Balfour Beatty Living Places
- Kier MG Ltd

**Lot 2b (incl. potential LED project):**

- Amey LG
- Balfour Beatty Living Places
- Kier MG Ltd

**Lot 3:**

- Amey LG
- Kier MG Ltd

**4. DOCUMENTATION**

4.1 During the procurement exercise bidders have received a number of key documents, generic and Lot specific, to review and comment during the competitive dialogue.

4.2 Generic Documents include:

4.2.1 **Partnership Agreement:** the contract to be entered between Trafford and the preferred bidder(s) containing terms, conditions and schedules.

4.2.2 **Invitation to Submit Final Tender (ISFT):** tender document issued to the bidders in accordance with the competitive dialogue procedure and containing the questions, evaluation criteria and scoring mechanism for the final procurement stage.

4.2.3 **Price Performance Mechanism:** sets out how the payment shall be calculated and adjusted in the event of changes in the volume and performance delivered by the preferred bidders) and details the fee at risk in relation to under-performance.

4.2.4 **Position Papers:** sets out the Council's current position on specific functions and the available options for bidders.

4.3 Lot Specific Documents include:

4.3.1 **Specifications:** sets out the description of the minimum requirements, output based, required by Trafford for each service area.

4.3.2 **Special Conditions:** details the individual obligations for each Lot in addition to the specifications.

4.3.3 **Key Performance Indicators (KPIs):** mechanism by which the performance of the partnership agreement will be monitored and evaluated, taking into account the standards set out for the delivery of the Service and the performance deductions for under-performance.

4.3.4 **Financial Submission and Evaluation Templates:** details costs and assumptions of each bidder relating to their financial data included as part of the final tender.

4.3.5 **Cost Quality Matrices:** details Trafford's costs and KPIs in delivering the existing service.

4.3.6 **Commentary Tables:** sets out the specific clauses, bidder specific, that were discussed during the competitive dialogue phases and override the partnership agreement.

- 4.4 Generic and Lot specific documents were discussed during the competitive dialogue phases, with various re-iterations being published before the final documents were released for the ISFT on 23rd January 2015.
- 4.5 The clarification question process allowed bidders to ask for clarity and supporting documentation on specific items contained in any of the documents.
- 4.6 Throughout the competitive dialogue phases the document library containing background information including volumetrics, policies and procedures, was updated regularly and information supplied via the clarification question process was also included.

## 5. CURRENT POSITION

- 5.1 Evaluation of all bids received is currently underway. More information on the bids received will be presented to Scrutiny Committee on the 26<sup>th</sup> February 2015.
- 5.2 Bidders have been asked during the competitive dialogue phases to submit mobilisation plans for the period following contract award until end of June 2015. Mobilisation plans have been included in the final tender process to allow Trafford the opportunity to ensure sufficient planning and continued service delivery would be in place during the transitional period.

## 6. NEXT STEPS

- 6.1 The proposed timetable through to contract commencement is as follows:

<b>Indicative Date</b>	<b>Deliverable</b>
2 <sup>nd</sup> – 27 <sup>th</sup> February 2015	Evaluation and decision making
26 <sup>th</sup> February 2015	Scrutiny Committee
16 <sup>th</sup> March 2015	Executive report and approval to award the contract
March 2015	Award of contract
April 2015 onwards	Contract mobilisation
July 2015	Contract commencement

## **7. STAFFING**

- 7.1 It is likely that the majority of staff directly employed by the Council in the services outlined in this report (c 250), plus those employed by Veolia on the current Trafford waste contract (c 100), would transfer to the relevant new partner(s), with their length of service and terms and conditions protected under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations. In relation to pensions, the Council will support an application for admitted body status to the Greater Manchester Pension Scheme for the duration of the contract scheme.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 The alternative options were set out in detail in the March 2014 Executive report. With due consideration of those options and the deliverability of the desired outcomes, the approach recommended is still considered to represent the best option.

## **9. CONSULTATION**

- 9.1 There were meetings earlier in the year with the Trade Unions and further meetings are taking place as part of the staff budget consultation. Further consultation will take place with affected staff and their union representatives during the latter stages of the procurement process. This has been incorporated at appropriate stages in a comprehensive communications strategy.
- 9.2 Bidders met with the Trade Unions in February 2015 to provide an overview of their organisation, experience of staff transfers, involvement with Trade Unions, experience of mobilisation and supporting their staff, tripartite arrangement and facilities agreement.
- 9.3 A separate meet and greet session with the bidders and staff took place at Trafford Town Hall and Carrington Depot, to allow staff, prior to contract award, to have the opportunity to meet informally with the prospective partner(s).
- 9.4 Further engagement with staff, and the successful partner(s), will also take place once the contract is awarded.
- 9.5 Where appropriate or required to meet Trafford's duties in this regard, there will be further consultation with residents, community groups and stakeholders.

## **10. REASONS FOR RECOMMENDATION**

- 10.1 To provide Scrutiny with the progress on the procurement exercise following the evaluation of the final tenders.
- 10.2 To consider the outcome of the procurement process prior to the Executive meeting on 16<sup>th</sup> March 2015.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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