

TRAFFORD COUNCIL

Report to: Overview and Scrutiny Committee
Date: 26th 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 16th 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 1st 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 13th November 2014. Further dialogue commenced on 24th November 2014 and was completed by 22nd January 2015.
- 3.7 The Invitation to Submit Final Tender (ISFT) was released on 23rd January 2015 and submissions were received from bidders on 2nd February 2015. Evaluation and moderation is expected to be complete by 27th 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 bidder(s) 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 26th 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:

Indicative Date	Deliverable
2 nd – 27 th February 2015	Evaluation and decision making
26 th February 2015	Scrutiny Committee
16 th 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 16th March 2015.