

APPENDIX 1

Evaluation summary of procurement options

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| | Preferred Option | 3 | |
| | Objectives | <ul style="list-style-type: none"> • Able to achieve value for money and most economical advantageous bid • Able to provide Southwark with control and flexibility to manage service as required • Able to ensure Southwark access to market expertise and quality service delivery • Able to select partner(s) with whom Southwark can build a relationship to deliver • Mitigation / minimisation of risk • Sufficient flexibility to allow all potential suppliers an opportunity to bid. | |

| | Procurement Option | Benefits | Risks |
|---|---|--|--|
| 1 | Southwark to develop a contract specification and form and procure from the market a partner to deliver the identified services | <ul style="list-style-type: none"> • Building on an existing contract specification • Allow specification which is designed just for Southwark needs • Lessons learnt can be applied • Allows LBS officer direct management and influence on contract and contractor • Will allow prospective suppliers to price tender on Southwark specific information, location and quantities. | <ul style="list-style-type: none"> • Cost associated with procurement exercise • May exclude Southwark from possible savings achieved in London Alliance Contract • Should there be a big uptake of major contractors for the London Alliance Contract; LBS may be obliged to appoint a lesser. |

| | Procurement Option | Benefits | Risks |
|---|---|---|--|
| 2 | To utilise the available London Alliance Contracts which are available for April 2013 onwards | <ul style="list-style-type: none"> • Will allow a London wide consistent practice and specification • Will support London Alliance Contract • learning and collaboration in relation to contract management • Could achieve economy of scale savings • An opportunity to transfer 'risk' to suppliers • Opportunity to influence the supply chain • Opportunity for procurement process to request and evaluated transparent supplier costs. • Increasing scale of possible savings as Boroughs in the relevant sector join the contract. | <ul style="list-style-type: none"> • Specification is expected to be 'high end' which will come with a price premium. • Southwark have already been identified in the business case as receiving the lowest rates in Inner London • To date (Nov' 11) only 1 of all London Boroughs has confirmed use of the London Alliance Contracts for Highways Maintenance. • Method of early adopters accessing savings. • No contract escape mechanism. • Loss of influence over immediate decision making. |
| 3 | To complete the contract specification and procurement process allowing contract options to review and compare the resultant terms with the London Alliance Contracts | <ul style="list-style-type: none"> • Will allow real market testing with London Alliance Contract and Southwark tender submissions individually • Will allow detailed financial analysis of above tenders and ensure Southwark accesses most financial advantageous returns • Prospective suppliers can price tender on Southwark specific information, location and quantities. | <ul style="list-style-type: none"> • There will be some confidentiality issues to manage. • Comparing like for like descriptions and specifications will need to be managed • Supplier reluctance to participate due to secondary evaluation. |
| 4 | To align Southwark with 1 other (or more) borough to complete a joint procurement process | <ul style="list-style-type: none"> • Would allow a cross-borough specification. • Would be able to reduce contract management costs • May be able to access economies of scale • Support wider recommendation of cooperation between boroughs. | <ul style="list-style-type: none"> • Contract periods are not currently aligned • Issues relating to who would receive financial benefits (staff reduction savings) • Cross boundary political pressures on one contract management team. • Combined rates would be averaged; therefore one Borough would loose out. • Prioritisation of contractor resources during peak periods. Who decides? |

| | Procurement Option | Benefits | Risks |
|---|----------------------------|---|--|
| | | | <ul style="list-style-type: none"> • Potential of inconsistencies around public realm detailing • Public liability/Insurance issues • TUPE • Stakeholder buy-in difficult • Time required for set-up. |
| 5 | To internalise the service | <ul style="list-style-type: none"> • Would allow direct control on all aspects of the service. | <ul style="list-style-type: none"> • Capital investment requirements for Depot, plant, equipment and vehicles are prohibitive. |