

Item No. 15.	Classification: Open	Date: 8 December 2020	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval for Southwark Highways Professional Services Contracts	
Ward(s) or groups affected:		Borough wide	
Cabinet Member:		Councillor Catherine Rose, Leisure, Environment and Roads	

FOREWORD – COUNCILLOR CATHERINE ROSE, CABINET MEMBER FOR LEISURE, ENVIRONMENT AND ROADS

In December 2018, cabinet agreed a new procurement strategy for its highways works and professional services contracts. For the professional services that strategy included enhancing the current in-house design and project management team, whilst continuing to let out contracts for peaks in work flows and specialist activities.

The services to be contracted out have been separated into three disciplines. Lot A is for Structures design, project management and inspections. Lot B is for Highways studies, design and project management. Lot C is for Drainage funding requests, design works and project management. Companies were invited to tender for this work in July 2020 and submitted bids for these three lots of work in August 2020.

Five companies made submissions for lot A, five companies made submissions for lot B and four companies made submissions for lot C. This report sets out the scoring for those bids and recommends that Tenderer H is awarded lot A and Tenderer D is awarded lots B and C on the basis of price, quality and social value.

RECOMMENDATION

1. That the Cabinet approves the award of the Southwark Highways Professional Services Contracts in three lots commencing on 01 April 2021 for an initial duration of five years at an estimated cost of £8,750,000 with an option for the council to extend for up to two further years at a cost of £3,500,000 making the total contract value of £12,250,000 if the two years extension is exercised;
 - Lot A Structures to Tenderer H
 - Lot B Highways to Tenderer D

- Lot C Drainage to Tenderer D.
2. That the cabinet delegates to the strategic director of environment and leisure the decision to exercise the option to extend the contracts, approval for which will be sought via a Gateway 3 report.

BACKGROUND INFORMATION

3. This Gateway 2 Contract Award Approval Report relates to the Gateway 1 Procurement Strategy Approval for Southwark Highways Works Contracts that was approved at Cabinet on 11 December 2018.
4. That Gateway 1 and the corresponding Gateway 0 approved enhancing the internal design team. It is likely this will involve the transfer of currently out-sourced resources into the Council.
5. These services are currently being provided by Conway Aecom Ltd, which is a joint venture between FM Conway Ltd and Aecom Ltd, under the Highways and Professional Services (HAPS) Contract Lot C Professional Services. As detailed in the Gateway 1 report two works contracts were procured under separate cover with both being awarded to F M Conway Ltd which commenced on 01 July 2020.
6. The HAPS contract commenced on 1 April 2013 for a duration of 6 years taking the contract through to an original expiry date of 31 March 2019. The contract allowed for an option for Southwark Council to extend the contract for any duration of up to two years by informing Conway Aecom in writing with a minimum of three months notice. Following careful consideration, reviews of market conditions and due process contract lots A and B were extended until 30 June 2020 with lot C extended until 31 March 2021.

Summary of the business case/justification for the procurement

7. Under the Highways Act 1980 Southwark Council, as Highway Authority for most of the public roads and pavements within the borough of Southwark, have a responsibility to ensure those public highways are maintained to a safe standard. This will cover everything from a standard “pothole” repair to gritting the roads and pavements deemed necessary during freezing conditions and snowfall. In addition to these statutory duties the council also has a responsibility to endeavour to improve the highway network where feasible. This is carried out by capital funding which can be from Southwark’s own budgets or from external partners such as Transport for London (TfL) or through developers Section 106 / Community Infrastructure Levy (CIL) funds. The contract arrangements have flexibility to accommodate uncertainty over future budget levels, particularly where these funds are from external sources.
8. Improvements to the highways network will help the council achieve a number of their Fairer Future Commitments. Improvements to the

footways and cycleways will encourage residents and visitors to adopt a more sustainable mode of transport than a motor vehicle, to help provide a greener borough and encourage more active and a healthier life. In particular, this service aims to support theme 3 – a greener borough, theme 5 – a healthier life and theme 8 – a vibrant Southwark. A number of highway improvement schemes are implemented alongside other initiatives to help create a vibrant Southwark.

9. The services in scope can be summarised as follows:
 - a) Feasibility studies including funding requests
 - b) Site investigations and surveys prior to design works
 - c) Concept design of improvement / major maintenance schemes
 - d) Detailed design of improvement / major maintenance schemes
 - e) Project Management of improvement / major maintenance schemes
 - f) Inspection and monitoring of structures (lot A only)
 - g) Principal Designer responsibilities under Construction Design and Management Regulations 2015
 - h) Stakeholder / asset owner engagement
 - i) Presentations at public consultations, council meetings etc
 - j) Construction supervision.

10. Although there are many challenges and pressures placed upon it, Southwark Council has a highway network to be proud of. In the 2017 National Highways and Transport Surveys Southwark achieved “Best in Country” in nine categories and “Best Improved” in seven categories. In 2018 Southwark Council went one better and were awarded the National Transport Local Authority of the Year. In 2019 and 2020 Southwark were ranked second, out of the 111 Highway Authorities who took part, in Highway Maintenance and Condition of Highway. Southwark Council know they have to continue to improve to provide the best possible highway network for the residents, businesses and visitors to Southwark.

OPTIONS AND CONSIDERATION

11. In early 2018 a project board was developed to consider the most appropriate method of delivering the highways services once the HAPS contract expires. A number of meetings and discussions were held with Southwark officers, suppliers and other Highway Authorities, which have allowed Southwark to review the success and issues of the current contract and consider different options including possible joint working with neighbouring boroughs.

12. All three lots of the HAPS contract were awarded to the Joint Venture Conway Aecom Ltd as the tender assessment concluded this was the most beneficial option. However, the perceived benefits of having an integrated contract including the maintenance functions, project delivery and professional services delivered under one contract have not materialised. Following appraisal, a decision was taken to recommend separate contracts for works and professional services.

13. A workshop was held with the project board and other strategic heads of service within the environment and leisure department to consider the various tasks required of the highway service and review the most effective methods to deliver them. This review considered in-house delivery and external provision for the full range of tasks and functions.
14. For the tasks where it was considered that outsourcing was the most appropriate delivery option these were split into the separate works and professional services packages. These were then further split into the most appropriate lots for each contract.
15. For the works contract these were split into two lots. Following a competitive tender exercise and evaluation both lots were awarded to FM Conway Ltd and commenced on 01 July 2020 for an initial period of five years and nine months, with contract extensions of up to two years available.
16. To provide continuity of service it was agreed to extend the HAPS professional services element of the contract until 31 March 2021.

Benchmarking

17. The council is the highway authority for the majority of public roads within Southwark. This places an obligation on the council to ensure these roads are maintained to a safe standard to allow movement of people and vehicles. Highway improvements are essential to allow regeneration for the ever growing population and improve safety. These improvements require some professional service input and all authorities in London rely on outsourced provision for at least some of these services. The professional services market is very competitive throughout the UK and especially in London due to the close proximity of 34 different highway authorities (32 London Boroughs, City of London and TfL) and the number of major development sites that require roads, pavements, cycleways, open spaces etc.
18. The current HAPS contract was tendered at a time when, according to the Office for National Statistics, the UK was slowly recovering from an economic recession and construction output figures were in steady decline. However, the recent construction output figures from the Office for National Statistics indicate little recovery and some sectors, including public, are still in decline.
19. There are a number of consultants capable of delivering structures, highways and drainage design and project management services for Southwark Council ranging from relatively small family run businesses to multi-national and multi-disciplined conglomerates.

Description of procurement outcome

20. As per the Gateway 1 report the Southwark Highways Professional Services Contracts were procured under the EU restricted procedure in three lots:
- a. Lot A – Structures
 - b. Lot B – Highways
 - c. Lot C – Drainage
21. These services contracts have been procured so that the start date immediately follows the expiry of the current HAPS Contract lot C. This is to ensure continuous provision of these essential services. The contract will have an initial duration of five years with an option for the council to extend for up to two further years.
22. As this report requests approval to award the contracts for the maximum period including the extension it is requested the decision on the award of the extension is delegated to the Strategic Director of Environment and Leisure.
23. The details of the latest anticipated values of the contracts are shown in the table below:

Table 1 – Estimated values of Southwark Highways Professional Services Contracts

Year	£000's		
	Lot A	Lot B	Lot C
	Structures Inspections and Design Capital	Highways Design & Management Capital	Drainage incl. SUDS Capital
2021/22	500	800	450
2022/23	500	800	450
2023/24	500	800	450
2024/25	500	800	450
2025/26	500	800	450
2026/27	500	800	450
2027/28	500	800	450
Total	£3,500	£5,600	£3,150

Key / Non Key decisions

24. This is a key decision.

Procurement project plan (Key Decision)

25. Table 2

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	30/10/2020
Invitation to Tender	14/07/2020
Closing date for return of tenders	28/08/2020
Completion of evaluation of tenders	12/10/2020
CM Review Gateway 2	12/11/2020
DCRB Review Gateway 2	06/11/2020
CCRB Review Gateway 2	19/11/2020
Notification of forthcoming decision – despatch of Cabinet agenda papers	26/11/2020
Cabinet Approval of Gateway 2: Contract Award Report	08/12/2020
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	23/12/2020
Alcatel Standstill Period	21/12/2020
Contract award	04/01/2021
Add to Contract Register	18/01/2021
Publication of award notice in Official Journal of European (OJEU)	09/04/2021
Publication of award notice on Contracts Finder	09/04/2021
TUPE Consultation period (if applicable)	31/03/2021
Contract start	01/04/2021
Contract completion date	31/03/2026
Contract completion date – if extension(s) exercised	31/03/2028

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

26. The key objectives identified in the procurement strategy will be delivered in lots as detailed below:

- Lot A Structures – Tenderer H.
- Lot B Highways – Tenderer D.
- Lot C Drainage – Tenderer D.

27. The contracts are NEC4 Term Service Contracts with minor amendments to suit Southwark Highway requirements with a Price List.

Policy implications

28. Having an effective highways service is an important component of delivering the councils plan and fairer future commitments. In particular theme 3 – a greener borough, theme 5 – a healthier life and theme 8 – a vibrant Southwark will benefit from this service.
29. The highways service provides key support to the council's movement plan.

Tender process

30. A comprehensive suite of Selection Questionnaire (SQ), Invitation To Tender (ITT), contract, scope and pricing documents were compiled. Sharpe Pritchard, the council's framework legal support provider, compiled the legal and contract documents.
31. Prior to the issue of the SQ an open invitation market engagement workshop for potential suppliers was held at the council's Tooley St offices where the contracts, services, social value aspects and tender process were discussed. There was a question and answer session and an opportunity for networking.
32. The restricted process is a two stage process.
33. For all three lots, the first stage was a SQ where potential bidders applied to be shortlisted for an ITT. All potential bidders needed to supply company or organisation details along with their experience of providing similar services elsewhere.
34. The contracts were advertised on 24 January 2020 through the OJEU and contracts finder website. The SQ documents, including the full suite of tender, contract, specification and pricing documents, were made available on 27 January 2020 to potential bidders through the Pro-Contract 3 procurement portal.
35. For lot A eight SQ responses were received, for lot B eight SQ responses were received and for lot C six SQ responses were received. Four organisations applied for all three lots, three applied for lots A and B, one applied for lots B and C and the remainder applied for one lot only.
36. All the responses were evaluated in line with SQ evaluation guidance to ensure those organisations applying for inclusion in the ITT stage met the required criteria. From this evaluation:
 - five organisations were invited to tender for lot A
 - six were invited to tender for lot B and

- five organisations were invited to tender for lot C.
37. Tender documents were issued to all those selected for ITT for each lot on 14 July 2020.
38. Tenders were received from all five tenderers on lot A, five tenderers on lot B and four tenderers on lot C. One organisation who was invited to tender for both lots B and C withdrew from the process.

Tender evaluation

39. The price, quality and social value for each tender was evaluated using the weightings listed below:
- Price 45%
 - Quality 45%
 - Social value 10%
40. Each tender submission for each lot was checked for compliance in accordance with the ITT Evaluation Criteria document.
41. The quality submissions were issued to each of the quality assessors. These submissions were individually scored by each assessor. A consensus quality score meeting was held where the quality score for each tenderer was agreed.
42. The price evaluation for each lot was completed by the Project Manager. In lot A there are three elements to the price which are time charge, lot specific sample briefs and inspections. In lots B and C there are two elements to the price which are time charge and lot specific sample briefs. The figures and calculations were checked and verified as accurate by the Procurement Business Partner.
43. In line with council’s Fairer Future Procurement Framework social value benefits were included as part of the tender. Each tenderer had to submit a commitment against a number of pre-determined themes which gave a monetary value of the social value benefits of that commitment. They also had to provide a method statement of how they intended to carry out this commitment. The evaluation of the social value qualitative and quantitative scores was carried out by Social Value Portal Team under their agreement with Southwark Council.
44. The scores for lot A are shown below:

SHPS lot A summary

	Price (not incl lot discount)	Quality	Social value
Tenderer A	29.17	27.00	6.08
Tenderer E	19.91	18.00	8.00

	Price (not incl lot discount)	Quality	Social value
Tenderer F	19.48	34.40	4.46
Tenderer G	25.86	18.00	3.82
Tenderer H	42.42	31.00	4.54

45. The scores for lot B are shown below:

SHPS lot B summary

	Price (not incl lot discount)	Quality	Social value
Tenderer A	31.38	28.60	9.00
Tenderer B	27.94	25.20	4.94
Tenderer D	36.75	31.00	6.15
Tenderer F	15.51	31.20	4.29
Tenderer H	39.91	29.40	4.54

46. The scores for lot C are shown below:

SHPS lot C summary

	Price (not incl lot discount)	Quality	Social value
Tenderer A	24.59	27.00	9.00
Tenderer C	19.00	19.60	3.33
Tenderer D	40.57	36.00	6.15
Tenderer H	35.85	36.00	4.81

47. Tenderers who were invited to tender for more than one lot were given the option of providing a price discount for the award of more than one lot. The price scores for each lot were re-assessed against the amended prices including the discounts in line with the tender evaluation document. The summary table is below:

SHPS Lot Discount Evaluation Summary

Options with discount included	Lot A	Lot B	Lot C	Total	Rank
Best lot A individual + best lot B individual + best lot C individual	77.47	73.17	81.92	232.56	3
Best lot A and lot B combined + best lot C individual	77.96	73.57	81.92	233.45	2
Best lot A and lot C combined + best lot B individual	77.89	73.17	76.34	227.41	5
Best lot B and lot C combined + best lot A individual	77.47	73.90	82.73	234.11	1
Best lot A, lot B and lot C combined	78.25	73.83	76.64	228.73	4

48. This demonstrates that the most economically advantageous tender combination is the best lot B and lot C combined + best lot A individual tenders.
49. Therefore, the recommendation is to award the lots as detailed below:
- Award Lot A Structures contract to Tenderer H
 - Award Lot B Highways contract to Tenderer D
 - Award Lot C Drainage contract to Tenderer D.

Plans for the transition from the old to the new contract

50. As part of the HAPS contract the incumbent supplier needs to provide an exit strategy document. An exit strategy for the works contracts has been compiled and issued to the council. This will need updating to include lot C professional services.
51. Some staff currently employed by the incumbent supplier may have rights to transfer to the council or successful tenderer under the TUPE regulations. Information has already been obtained from the incumbent supplier and the transfer process will commence at the earliest opportunity in line with TUPE requirements.
52. Other than for those who will transfer to the council, the transfer of employees under TUPE will be a matter for the incumbent supplier and the new providers. The council is required to use its reasonable endeavours to ensure that all parties comply with their obligations under TUPE.
53. The Mobilisation Plan allows sufficient time for the parties to comply with their respective obligations under TUPE Plans for monitoring and management of the contract.

54. The professional services contracts will be managed by officers from the Highways Division.
55. A series of Key Performance Indicators (KPIs) have been included for each lot and they will be used to measure the consultant's performance.
56. In addition to the KPIs the consultants will report their social value performance with the required evidence to Social Value Portal each quarter. For each theme that the consultant has made a commitment against the consultant will report their performance and provide evidence against the projected commitment to Social Value Ltd. Social Value Portal will then verify this and report this to the council. Where commitments have not been met, this may be offset against other themes with the agreement of the council with an action plan put in place to meet the requirements in future.
57. The contract includes performance payments which will only be paid on acceptable performance by the consultants. There are defined escalation steps to be taken in the event of the consultant failing to provide the services as specified.
58. Officers will also produce Annual Performance Reviews in line with the council's Contract Standing Orders.

Identified risks for the new contract

59. Please refer to table 3 below

Table 3 Risk Table

No	Risk	Risk rating	Mitigation
1	Successful challenge to award decision	M	Measures were taken to ensure the procurement was carried out in line with EU / UK regulations and guidance. The evaluation methods were clearly identified within the procurement documents and the evaluation was carried out as stated and verified.
2	As some transferees will be assigned to the council and some to the new providers this could make the process complex	M	Anonymised details of staff who may have transfer rights has been requested and received. The details of staff who may have the right to transfer to each new provider was issued to tenderers on receipt of a confidentiality agreement.
3	The staff and officers working on the existing	L	The works contracts and the professional services contracts are

No	Risk	Risk rating	Mitigation
	contract have been used to a joint venture relationship whereas the new service is via two contracts split into lots.		written to provide a clear distinction in responsibilities and duties. Detailed processes will be agreed between each party.
4	The new contract is based on the NEC4 form of contract which is a relatively new form of contract	L	On-line training in the new contract has been provided for staff.
5	Ongoing working restrictions due to Covid 19 during mobilisation and contract period	L	As part of the quality submission each tenderer had to detail their business continuity plans for working through Covid 19 or similar restrictions

Community impact statement

60. People in all areas of the borough are affected by the quality of the public highway and its assets.
61. The very young, the disabled and the elderly would benefit the most by having a footway network which is well maintained and safe to use.
62. By providing a comprehensive and safe cycling network, the council will encourage the growth in cycling within the borough which in turn will help improve air quality.
63. The award of new contracts or delivering some of the services directly is not considered to have any detrimental impact on local people and communities.
64. The impact of the service will affect all communities / groups, residents, businesses, visitors and those that pass through the borough and will in turn improve the quality of life to all. Direct benefits are a well maintained infrastructure which makes an important contribution to the safety of all.

Social Value considerations

65. The contract has been written, and the procurement has been carried out, in line with the Fairer Future Procurement Framework.
66. The contract will include the social value commitments made by each successful tenderer for each lot in their social value submission. These include, amongst other things, the following commitments:
 - Local employment
 - Support for young people

- Support for people with disabilities
 - Formal training
 - Support to Voluntary, Community and Social Enterprise
 - Using the local supply chain
 - Staff wellbeing
 - Support / contributions to local community projects
67. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.
68. The social value commitments are valued at:
- For the Lot A Structures contract Tenderer H have committed £61,124 over the initial five years of the contract.
 - For the Lot B Highways contract Tenderer D have committed £393,537 over the initial five years of the contract.
 - For the Lot C Drainage contract Tenderer D have committed £124,390 over the initial five years of the contract.
69. The social value benefits of the contracts, over the full duration of the contracts, include:
- Employment of local people, long term unemployed and Not in Education, Employment or Training (NEETs)
 - Employment of four apprentices on lot A and eight apprentices on lot B
 - Support for the unemployed and school / college leavers to gain employment
 - Spending commitments for London businesses through their supply chain
 - Reduction in CO₂ emissions
 - Voluntary time and donations to local community projects

Economic considerations

70. As the council explores ways it can continue to deliver value for money, it is essential that it makes even better use of its resources to meet the needs of residents and businesses in the borough.

Social considerations

71. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, development partners engaged by the council to provide services within

Southwark pay their staff at a minimum rate equivalent to the LLW rate. Both Tenderer H and Tenderer D have confirmed they, and their suppliers where required, comply with these requirements.

72. Through the Selection Questionnaire process both successful tenderers demonstrated that they acknowledge and meet the legal requirements around an individual's rights to be members of trade unions.
73. Through the tender process both successful tenderers advised of their commitment to equal opportunities within the professional technical services industry when delivering these services.
74. Under the SQ process the council ensured all companies offered an ITT provided assurances regarding blacklisting. The opportunity to tender can exclude companies who break the law by blacklisting if they are either still blacklisting or have not put into place genuine actions concerning past blacklisting activities. The council can require "self cleaning" which enables a potential contractor to show that it has or will take measures to put right its earlier wrongdoing and to prevent them from re-occurring and to provide evidence that the measures taken by the economic operator are sufficient to demonstrate it has:
 - "Owned Up": clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities
 - "Cleaned Up": taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offences or misconduct, and
 - "Paid Up": paid or undertaken to pay compensation in respect of any damage caused.
75. Both successful tenderers confirmed their compliance with the council's policy on gender and ethnicity pay gaps as detailed within their Fairer Future Procurement Framework submissions.

Environmental / Sustainability considerations

76. The services will be provided with consideration for Environmental and Sustainability impacts. All the designs for works will also ensure there is minimal impact on the environment and sustainability.

Market considerations

77. Both Tenderer H and Tenderer D provide professional services to a number of London Boroughs including term and framework contracts.
78. It is also worth noting that both Tenderer H and Tenderer D have local offices (as defined in the Social Value documents) which supports the council's commitment to local enterprises.

Staffing implications

79. In line with the Gateway 0 and Gateway 1 reports the current in-house design and project management team within the Highways Division will be enhanced. Those staff on the current contract will be given the option to transfer to the employment of the council to undertake this. If the number of staff who decide to transfer is insufficient to complete this task a recruitment process will commence.

Financial implications

80. The proposed contract does not commit the council to any minimum contract value as the estimated contract values reflected in the report are indicative and will be subject to funding available from revenue and capital budgets.
81. The Highways budgets indicated in the table below for future years are indicative only and will require approval through the council's annual budget setting process for both revenue and capital budgets. Similarly Transport for London (TfL) / Local Implementation Plan (LIP) / Development (Dev't) funding will also require confirmation from respective authority.
82. Staffing and any other costs connected with this report will need to be contained within existing departmental revenue budgets.
83. The current and proposed highways capital budget's which covers both works and professional services are detailed in the table below.

Table 4 – Estimated highways budgets

Year	£000's					
	London Borough of Southwark Capital	Structure capital	TfL LIP (m'ance)	TfL LIP (schemes)	Dev't	Total
2020/21	5,400	450	0	1,000	750	7,600
2021/22	4,400	450	250	1,000	750	6,850
2022/23	4,800	450	250	2,000	750	8,250
2023/24	4,200	450	250	2,000	750	7,650
2024/25	4,200	450	250	2,500	750	8,150
2025/26	4,200	450	250	2,500	750	8,150
2026/27	3,900	450	250	3,000	750	8,350
2027/28	4,200	450	250	3,000	750	8,650
2028/29	4,900	450	250	3,000	750	9,350
Total	40,200	4,050	2,000	20,000	6,750	73,000

Investment implications

84. There are no investment implications in this report.

Legal implications

85. Please see concurrent from the Director of Law and Democracy

Consultation

86. As detailed in paragraph 31 an open invitation market engagement workshop for potential suppliers was held prior to the Selection Questionnaire process.

87. Individual projects and initiatives will require public consultation.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (EL20/056)

88. The strategic director of finance and governance notes the recommendation to Cabinet to approve the award of the Southwark Highways Professional Services Contracts in 3 lots commencing 01 April 2021 for an initial duration of five years at a cost of £8,750,000 with an option for the council to extend for up to two further years at a cost of £3,500,000 making the total contract value of £12,250,000 if the two years extensions are exercised.

89. The strategic director of finance and governance also notes the evaluation of the procurement and the financial implications as detailed within the report. Contract expenditure will be monitored on a regular basis as part of the departmental capital and revenue monitoring process.
90. Officer time to effect the recommendations will be contained within existing budgeted resources.

Head of Procurement

91. This report seeks approval from Cabinet to award the Southwark Highways Professional Services Contracts which is split into three lots to lot A – Tenderer H and lots B and C to Tenderer D. Contracts will commence on 01 April 2021 for an initial duration of five years at a cost of £8.750m with an option for the council to extend for up to two further years to 31 March 2027 at a cost of £3.5m making the total contract value of £12.250m if the two years extensions are exercised.
92. The contracts were tendered in line with EU Public Contracts Regulation 2015 and the councils contract standing orders (CSO) using a 2 stage restricted process of SQ and ITT.
93. The evaluation of this procurement are detailed in paragraphs 39 to 50, the ITT scoring criteria was split price 45% / quality 45% and social value 10% and transition from existing contract to new contracts including TUPE is detailed in paragraphs 51 to 59.
94. Social value commitments will be managed by the Social Value Team, who will provide information to council's contract management team to feed into quarterly review meetings.

Director of Law and Democracy

95. This report seeks approval of the award of the Southwark Highways Professional Services Contracts in 3 lots, as detailed in the Recommendation at paragraph 1.
96. The procurement of the services described in this report will assist the council to fulfil its statutory duties as local highway authority.
97. The procurement of the services required by the council is subject to the application of the (EU) Public Contracts Regulations 2015 ("PCR"). The process which has been followed is consistent with the procurement strategy approved previously, and is compliant with the PCR, domestic legislation, relevant corporate policy and the requirements of the council's Contract Standing Orders ("CSOs").
98. Paragraphs 52 to 54 explain the effect and impact of the TUPE regulations on the proposed contract awards.

99. The proposed contract lot awards are in relation to a strategic procurement as defined in CSOs, which means that the decision to approve the report recommendations is one which is expressly reserved to the Cabinet, after consideration of the report by the corporate contract review board.

100. In making procurement decisions Cabinet should be mindful of the Public Sector Equality Duty under section 149 of the Equality Act 2010, and to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to (a). Cabinet is specifically referred to the community impact statement set out from paragraph 61, which notes the consideration that has been given to equalities issues.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Title of document(s) Gateway 0 – Strategic Options Assessment for 2019+ Highways Services Delivery Options	Highways Division, Environment & Leisure Dept, 160 Tooley St.	Phone number Jason White 020 7525 4032
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s76582/Report%20Gateway%200-%20Strategic%20Options%20Assessment%20for%202019%20Highways%20Services%20Delivery%20Options%20and%20C.pdf		
Gateway 1 – Procurement Strategy Approval for Southwark Highways Works Contracts	Highways Division, Environment & Leisure Dept, 160 Tooley St.	Phone number Jason White 020 7525 4032
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s79147/Report%20Gateway%201-%20Procurement%20Strategy%20Approval%20for%20Southwark%20Highways%20Works%20Contracts.pdf		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Catherine Rose, Leisure, Environment and Roads	
Lead Officer	Caroline Bruce, Strategic Director of Environment and Leisure	
Report Author	Jason White, Highways, Environment and Leisure	
Version	Final	
Dated	26 November 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	N/a	N/a
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		26 November 2020