

**Report on behalf of Andy Gutherson, Executive Director - Place**

**The Report and Appendix D are open.**

**Each of Appendices A, B and C is not for publication by reason of being confidential by virtue of Section 100A(2) of the Local Government Act 1972 and/or exempt by virtue of paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 as each Appendix contains confidential information relating to tenders and the disclosure of that information is either (i) prohibited by or under an enactment, namely Regulation 21 of the Public Contracts Regulations 2015 or is (ii) information relating to the business affairs of bidders in a confidential procurement. That confidential information is relevant to this procurement and probably also to other procurements in the local government sector given the limited number of potential contractors in the market. The information therefore has a high commercial value. In the event that the Council fails to keep the information confidential then the aggrieved bidder may be able to bring a very substantial claim in damages against the Council to cover its losses. In these circumstances the public interest in the Council withholding the information and protecting itself from litigation outweighs any interest in disclosing the information particularly where as much information as possible has been made available to the public in the open parts of the report.**

Report to:	<b>Executive</b>
Date:	<b>01 October 2019</b>
Subject:	<b>Highways 2020 Contract Award Decision</b>
Decision Reference:	<b>I017884</b>
Key decision?	<b>Yes</b>

**Summary:**

This report presents the results of the Highways 2020 Procurement, describing the process adopted and the solutions arising. The Executive are asked to approve the award of a contract to:

- Lot 1 (Highway Works) - Balfour Beatty Group Ltd
- Lot 2 (Traffic Signals) – Colas Ltd
- Lot 3 (Professional Services) – WSP UK Ltd

**Recommendation(s):**

That the Executive:

1. Notes the progress made and the outcome of the final tender evaluation;
2. Approves the award of and decides to award a contract for the delivery of:-
  - a) Highway Works to Balfour Beatty Group Ltd;
  - b) Traffic Signals to Colas Ltd; and
  - c) Professional Services to WSP UK Ltd.
3. Authorises the Executive Director - Place to notify all bidders in the procurement of the Council's decision to award contracts as set out in recommendation 2 above.
4. Authorises the Executive Director - Place to appoint Balfour Beatty Group Ltd, Colas Ltd and WSP UK Ltd as the Preferred Bidder in respect of the contract for Highway Works, Traffic Signals and Professional Services respectively.
5. Delegates to the Executive Director - Place authority to approve the final form and the entering into of all contract and other legal documentation necessary to give effect to the above decisions.

**Alternatives Considered:**

- |    |   |
|----|---|
| 1. | Do not approve the recommended option and undertake a new procurement exercise for one, two or all three Lots (Highway Works, Traffic Signals and Professional Services). |
|----|---|

**Reasons for Recommendation:**

The Council has undergone a thorough and comprehensive procurement that has delivered a final tender for each Lot (Highway Works, Traffic Signals and Professional Services) offering the Most Economically Advantageous Tender ("MEAT") to the Council.

The submitted tenders for each Lot have been rigorously evaluated against the Council's published scoring methodology and criteria and the recommended contractors are those that scored highest in that evaluation process. No other combination of contractors can be awarded the contracts without breach of the Council's procurement obligations.

The final tender will enable the Council to deliver an affordable service through a delivery model that will provide the most efficient and effective mechanism for delivering the Highway Service in Lincolnshire. Each winning final tender was of a high quality. Not to award the contracts would leave the Council without contracts for securing the continuation of critical highway services at the end of March 2020.

## 1. Background

- 1.1. Information in the body of this report is not commercially sensitive. However each of Appendices A, B and C is not for publication by virtue of being confidential under Section 100A(2) of the Local Government Act 1972 and/or exempt under Schedule 12A of the Local Government Act 1972. Should the Council disclose the information, bidders may be able to take legal action and claim compensation against the Council.
- 1.2. The three contracts that form the Lincolnshire Highways Alliance began on 1 April 2010 and are due to expire on 31 March 2020. The contracts were awarded for an initial five year period with individual one year contract extensions to the full term length of ten years. The contract cannot lawfully be extended further.
- 1.3. Governance of the project was identified at the start of the process as a key requirement of managing the project appropriately. A Project Board was formed on 11 September 2017, chaired by the Executive Director with the Executive Councillor for Highways Transport and IT and his Support Councillor as well as members of the Scrutiny Committee from across the political spectrum. A working group was set up on the 24 May 2017 in advance of the Project Board. Following the creation of the Project Board, the working group formally became the Project Team, directed to manage the tasks required to complete the project. This group was chaired by the Head of Service responsible, who was also a Board member, and included staff and specialists from across the Highways service together with colleagues from HR, Audit and Commercial.
- 1.4. On 6 November 2017 an Options Appraisal was presented to the Highways and Transportation Scrutiny Committee and then on 5 December 2017 to the Executive.
- 1.5. The Options Appraisal examined 17 delivery model options available to the Council that were initiated in accordance with the Highways Maintenance Efficiency Programme (HMEP) Route Choice Toolkit. The 17 delivery models were broadly based around eight models; Private Funding, Single Provider, Multiple Providers, Framework, Joint Venture, In-House with top up, Teckal or In-House.
- 1.6. The recommended option within the Options Appraisal was to proceed with a developed iteration of the existing model with some notable changes in relation to the reactive service and a broader Professional Services design top up arrangement.
- 1.7. The preferred model linked three individual contracts through a collaborative clause in each contract to form an alliance structure by incentivising the parties to work together. The three contracts recommended within the Options Appraisal would cover the following areas of service:

Lot 1 – Highway Works. A Term Service Contract that delivers the majority of highway works including; surfacing, patching, surface

dressing, drainage, street lighting, bridges/structures, signs, lines, grass cutting, weed control, drainage cleansing, emergency response and winter maintenance.

Lot 2 – Traffic Signals. A Term Service Contract that delivers all the maintenance and improvement work to our existing signals and controlled crossings together with the provision of new signal installations.

Lot 3 – Professional Services. A Professional Services Contract that provides access to professional consultancy services including; highway and drainage design, transport modelling, planning advice, ecology, archaeology expertise and support to bids for additional funding.

1.8. At its meeting on 5 December 2017 the Executive with the support of the Highways and Transportation Scrutiny Committee:

1.8.1. Approved the carrying out of the procurement process for the external commissioning of the services currently covered by the Highways Alliance contracts.

1.8.2. Approved Option 17 as the package of contracts to be offered to the market within an alliance model utilising the New Engineering Contract NEC4.

1.8.3. Delegated to the Executive Director for Environment and Economy, in consultation with the Leader of the Council and the Executive Councillor for Highways Transportation and IT, all decisions necessary to progress the procurement of the replacement arrangements, to include choice of procurement procedure, scope of the services and the terms of all necessary legal documentation, but excluding the final decision to award the contract.

## 2. The Council’s Key Objectives

2.1. The following objectives set out in the contractual documentation for the Highway Service are directly linked to the combined Key Performance Indicators and individual contract Performance Indicators within the contract in order to maintain focus on these goals throughout the service period with each of the Partners. The Objectives are to:

<b>Sustain and Grow Business and the Economy</b>	Help Lincolnshire businesses to be the drivers of economic growth through supporting a climate in which they are able to invest, enhance their business performance and offer attractive jobs to a skilled workforce.
<b>Protect and Sustain the Environment</b>	Protect, enhance and balance our environmental needs through the delivery of the service.
<b>Sustain and Develop Prosperity through Infrastructure</b>	Develop growth and prosperity through encouraging investment and enhancing the economic potential of Lincolnshire.

<b>Promote Customer Focus</b>	Improve the quality of service to the end users and improve the perception of all works completed on behalf of the Client. Keep members of the public informed proactively and reduce the volume of enquiries received into the alliance.
<b>Ensure Health and Wellbeing of the workforce and the public</b>	Contribute to and improve the health and wellbeing of the population as a whole who use, work or live within Lincolnshire.
<b>Ensure Highways Network Availability</b>	Minimise the disruption to the wider public by taking reasonable measures to maintain network availability. Look to work collaboratively with other Partners, contractors, utility companies and consultants wherever possible.
<b>Align Services and Asset Plan with Political Priorities</b>	Assist the Client to deliver services to suit political priorities and deal with changes should and when they arise.
<b>Ensure collaboration and partnership approach</b>	Develop a successful culture within the alliance Partners to foster positive, creative, innovative and sustainable working relationships.
<b>Maintain quality and consistency of services</b>	Throughout the life of the service, ensure that the level of enthusiasm and attention to detail is maintained. Ensure that the terms of the contract are delivered in full with any additional quality offers made as part of the original procurement process.
<b>Innovate</b>	<p>Strive to continually improve the alliance and the service it delivers, by challenging established working practices with new methods, ideas and products.</p> <p>The Client will actively encourage the use of future technologies within the Contract, in an effort to improve efficiencies and give added value to the work carried out. The Contractor / Consultant is to be proactive in promoting such technologies and demonstrating the efficiencies that can be made.</p>

### 3. The Contract and Improving Service Delivery

3.1. The contracts make use of the latest version of the New Engineering Contract (NEC) which is the UK industry standard and is being increasingly used globally. Lot 1 and 2 are based on a Term Service contract and Lot 3 is a Professional Services contract which are all part of the same NEC family of documents. Each of the contracts are linked using a contractual clause which requires all parties to work together and include performance indicators which affect both the individual contracts as well as the whole group. The two Term Service contracts for Highway Works and Traffic Signals make use of a payment mechanism where a 'target' is generated from a list of tendered works items, which is adjusted each year for inflation. The contractor is paid the cost of carrying out the work to meet the specified standard and this cost is compared to the target. The difference between the two is known as pain or gain depending on whether the cost is more or less than the target. In a gain situation the contractor and Council share the benefit of carrying out the

work efficiently to ensure the costs are below the target. In a pain situation, the costs are shared but only up to a certain threshold above which the contractor pays the additional costs. The Professional Services contract takes a slightly different approach by making use of a range of payment mechanisms depending on the services required and includes this pain/gain arrangement in addition to traditional forms of payment.

- 3.2. The initial term of the Lot 1, 2 and 3 contracts are six years with extensions available of up to a further six years. The extensions can be awarded individually or in blocks and are linked to performance levels and service reviews within each of the individual contracts.
- 3.3. The contractual requirements written by the Council have included improvements based on lessons learnt from the existing service delivery, nationally recognised best practice and changes in legislation. Modifications to the contract documents have been made so that service improvements and cost savings were balanced with the overall affordability of the service. Areas of significant change include:
  - 3.3.1. Improved contractual performance measures which enable the service quality to be actively monitored throughout the life of the contract. Key performance indicators measure the performance of the alliance as a whole with individual performance indicators that are Lot specific. The Council also has a set of performance indicators as it is acknowledged that good or bad performance by one party has knock on effects to other parties within the alliance. Performance against these measures are rewarded financially. The performance measures have also been linked to low service damages that are deducted from payments should the new providers fail to meet minimum agreed targets.
  - 3.3.2. In addition to the financial impacts identified above, the decision to award contract extensions is heavily influenced by the providers' performance levels. Each extension to the contract can be awarded four years in advance to ensure that the providers can plan effectively, and the decision to award an extension will be based largely upon the performance scores. The provider will have the opportunity to recover any withheld extensions ensuring that the providers are motivated to perform throughout the contract period.
  - 3.3.3. As a result of the changes set out in paragraphs 3.3.1 and 3.3.2 there are improved incentive mechanisms within each contract and across all three contracts.
  - 3.3.4. The reactive service resource solution in Lot 1 has moved to a price per fault model. Making this change ensures that the service area is highly incentivised, as the contractor is rewarded for improvements in productivity. Taking this

approach will also get the buy-in of the provider to actively deal with peaks and troughs in service.

3.3.5. The contractors have been empowered to self-identify faults within the vicinity of other instructed works. It is anticipated that the Council's change in contractual approach will ease disruption on the road network, and lead to greater public satisfaction when repairs are undertaken.

3.3.6. The Council raised its requirements in relation to mobilisation and demobilisation by detailing each of the deliverables required, including key dates and tasks during these key phases. In addition to contractual changes, the bidders have submitted their mobilisation programmes and general approach to mobilisation as part of their quality bid. As with all of the quality responses received from the leading bids, the commitments will be introduced into the formal contract prior to the contract being signed.

#### **4. Procurement Stages**

- 4.1. A Prior Information Notice (PIN) was issued on 16 April 2018 to highlight the upcoming opportunity to the market. The PIN advertised a Meet the Buyer Day that was held on 18 May 2018. The event was well attended and was used to engage with the market and the key supply chain for each Lot.
- 4.2. The meetings enabled the project team to test key aspects of the service arrangement so that the Highways 2020 recommended option could meet the market requirements and be viewed attractively. Ensuring that the recommended option matched the market strength, meant that the providers were not forced into a relationship outside of their core offering or required to price additional risk.
- 4.3. The formal procurement process commenced on 2 October 2018 with the issue of an OJEU contract notice.
- 4.4. The procurement adopted the European Union Competitive Procedure with Negotiation (CPN) procurement route. The CPN procedure enabled the Council to negotiate key components of the contract using a procedure that is less onerous on both the Council and the Bidder than the Competitive Dialogue procedure.
- 4.5. A Selection Questionnaire (SQ) was received from interested parties for each Lot on 9 November 2018. The Council received 11 compliant responses across Lots 1, 2 and 3. An SQ allows the Council to filter out suppliers who do not have the capacity or capability to carry out the contractual requirements, where only those Bidders meeting the Council's selection criterion are invited to participate in the bidding stage of the procurement process. The SQ stage also allowed the Council to shortlist to a suitable number of the most qualified bidders. Ultimately, it

wasn't necessary to create a shortlist as the number of applications received was less than or equal to the desired number of bidders for the shortlist, which was set at a maximum of 5 bidders for each Lot.

4.6. Successful bidders at the SQ stage were invited to submit fully completed and priced Initial Tenders on 7 January 2019 based on a set of developed contract documents that included:

- NEC4 Contract Data
- HMEP developed Scope
- Lincolnshire Specification for Highway Works
- HMEP developed Price List / Activity Schedule and Method of Measurement
- Lease and Licence Agreements for the LCC Depots
- Historical service information data

4.7. Initial Tenders were received on 25 March 2019 for all three Lots and they were subsequently evaluated.

4.8. The evaluation methodology follows the "Most Economically Advantageous Tender" (MEAT) process. This combines evaluation of Price and Quality of each submission. The split between these criteria was:

4.8.1. Quality – 60% (Service Delivery 55% and Commercial 5%).

4.8.2. Price – 40%

4.9. Within the Quality and Price split, sub criteria were developed and weighted. These weightings remained constant throughout the procurement process. See 4.10 Table 1 for the criteria.

**4.10. Table 1: Weightings**

Level 1 Criteria	Level 1 Criteria Weighting (%)	Level 2 Criteria	Level 2 Criteria Weighting (%)
Service Delivery	55	Mobilisation	10
		Health & Safety	5
		Quality Management	10
		Opportunity and Risk management	10
		Operational Delivery	20
		Systems and Interface	15

		<b>Key People and Communication</b>	<b>15</b>
		<b>Performance</b>	<b>10</b>
		<b>Social Value</b>	<b>5</b>
<b>Commercial</b>	5	<b>Commercial Terms</b>	<b>100</b>
<b>Financial</b>	40	N/A	

4.11. In accordance with the CPN procurement route, the Council reserved the right to award a contract without negotiation and select the Most Economically Advantageous Tender to the Council.

4.12. The Council chose to not enter into negotiations on Lot 2 and 3 as the tenders received were generally of a high standard from a quality perspective and the costs submitted are in line with the Council's expectations.

4.13. However the Council did choose to negotiate on Lot 1, given the financial scale of the contract. The opportunity to secure additional value and discuss key aspects and risks of the service were considered significant enough to offset the time and resources required to enter into negotiations.

4.14. The Council invited the leading three bids into the negotiation stage on 23 May 2019 for Lot 1 and hosted negotiation sessions over a three week period. The opportunity to have discussions with the Council was very well received by the bidders, who were well prepared with various presentations focussing on the negotiation areas identified by the Council. The negotiation stage was concluded on 12 July 2019 and invitations were submitted to the bidders to submit their Final Tenders. The Final Tender consisted of the Initial Tender with such revisions as the bidders chose to submit relating to the areas that were negotiated. Bidders were allowed to revise their price in its entirety and also to revise their proposals on the key commercial terms of the contract. The Final Tender documentation was received on 25 July 2019 and the Council evaluated the final tenders with the new quality and pricing information that the bidders submitted as a result of the negotiation.

## 5. Evaluation

5.1. The bidders' quality responses across all three Lots were evaluated by 30 panels comprised of three evaluators, a chair and a scribe. The officers involved were chosen for their professional and technical knowledge. All officers received training and were required to sign confidentiality and conflict of interest statements.

5.2. The financial submissions were evaluated independently of the quality submission to ensure that quality evaluations were not impacted by pricing information. Model scenarios utilising the bidder's price lists were

used to derive a total price for each of the submissions across all three Lots.

- 5.3. The final stage of the process was to combine the quality and price submission scores together. The three Bidders that achieved the highest score, and therefore submitted the Most Economically Advantageous Tender were:

Lot 1 – Highways Works – Balfour Beatty Group Ltd  
Lot 2 – Traffic Signals – Colas Ltd  
Lot 3 – Professional Services – WSP UK Ltd

## **6. Affordability and Flexibility**

- 6.1. The Bidders' price proposals have been analysed and compared against the historical cost of delivering the Highway Service. Each Lot has been analysed individually to determine areas of budget pressure for both revenue and capital funding.
- 6.2. Budget pressure exists within the first financial year of the contract (1 April 2020 to 31 March 2021) as a direct result of mobilising the new service. Changes to the contract documents have incentivised the Bidders to invest in key infrastructure that will deliver improvements in service delivery through the life of the contract. Bidders have also made a number of commitments that require initial investment in order to deliver their proposed solution.
- 6.3. Subject to budget pressure during the initial year of the contract, the global budget position is manageable based on the current level of funding received across the Highway Service. Based on this analysis the current level of service offered is affordable for each of the new contracts.
- 6.4. The base contract selected for Lots 1, 2 and 3 are open book contracts with payment mechanisms that incentivise the Council and Provider to undertake work efficiently. The Council has included efficiency clauses that can be enacted if particular areas of the service differ by significant amounts.
- 6.5. To maintain flexibility the Council was not prepared to offer exclusivity to the Service Providers or provide a guaranteed minimum level of work.
- 6.6. The Council has set out a formal process of contractual refresh points. The parties are required to carry out a review of the service and determine that it is still fit for purpose by reviewing the systems and processes that are in place. This provides an opportunity to enable the Council and the provider to change its approach prior to deciding on potential extensions to the contract.

## **7. Options**

- 7.1. Approval to undertake the procurement process was given at the Executive on 5 December 2017. The options considered in connection with this report are:
  - 7.1.1. To accept the recommendation and authorise the award of contracts for the delivery of Highway Works, Traffic Signals and Professional Services.
  - 7.1.2. Do not approve the recommended option and undertake a new procurement exercise for one, two or all three Lots (Highway Works, Traffic Signals and Professional Services).
- 7.2. The implication of accepting the recommendation will be to award the contract. The timeline makes key provision for sufficient time to mobilise prior to the existing contract lapsing. This is essential in terms of:
  - 7.2.1. Maintaining a Highway Service for the County of Lincolnshire and meeting our legal obligations under various statutes.
  - 7.2.2. Keeping costs of mobilisation down to a minimum (by allowing new suppliers to negotiate and develop relationships with the supply chain).
  - 7.2.3. Reduce the risk of any potential gaps in service provision.
- 7.3. The implication of not accepting the recommendation is that the current contract will come to an end with no replacement contract in place to deliver services from 1 April 2020. As a result of this, further potential issues may arise, these include:
  - 7.3.1. The Council may fail to meet its statutory duties, exposing itself to an increased risk of legal claims.
  - 7.3.2. The Council could potentially incur additional expenditure of a new procurement process, the abortive costs of the current process and the reputational damage and adverse publicity that the Council may suffer.
  - 7.3.3. The Council could cause a gap in the delivery of the service at the end of the contract period exposing the Council to the risk of using interim arrangements.

## **8. Financial Security**

- 8.1. It is anticipated that the contracts for all three Lots will be signed by 31 October 2019 to enable an adequate mobilisation period prior to the operational service delivery commencing on 1 April 2020, for an initial period of six years. The Council is able to extend the contract at its discretion for a further six years. Therefore, the maximum contract

duration will be 12 years. This provides flexibility, whilst recognising the significant cost of procurements of this type.

- 8.2. The Council, through the SQ, only permitted organisations which had a robust financial standing to participate in the procurement exercise. This provided reasonable assurance that the organisations had sufficient financial standing to deliver the services through the contract term. As indicated, the SQ investigations and evaluation were carried out in November 2018 and repeated at the end of August 2019. The result is that the Council's finance officers were satisfied that the organisations have sufficient financial standing for the Council to be content to sign a contract of the relevant scale and type with them.
- 8.3. The contract also requires the bidders to take out an appropriate level of insurance to cover third party and employee liability, property and professional indemnity insurance. This provides a level of protection/redress to the preferred bidders through the contract term.

## **9. Social Value**

- 9.1. The Public Service (Social Value) Act placed a formal requirement on public sector organisations to consider the economic, social and environmental benefits for communities (social value), as well as the overall cost when awarding contracts for services.
- 9.2. The Council has taken steps to ensure that social value is considered in the contract. The 10 page Social Value quality question allowed Tenderers to explain how social value will be delivered throughout the contract.
- 9.3. Additionally, KPI 4 "Building Social Value" will be used to incentivise all alliance partners to ensure that Social Value is delivered throughout the service on behalf of the Council.
- 9.4. More detail is given in the relevant confidential Appendix.

## **10. Legal Obligations and Formalities**

- 10.1. There are legal formalities which need to be completed before a contract can be awarded. The Public Contracts Regulations 2015 require that having decided to award a contract, the Authority must notify all bidders who have participated in the procurement, of the winner and then leave 10 clear working days to elapse/standstill before the contract is concluded. In the event that a bidder challenges the award during the standstill period, then the contract cannot be awarded until the challenge has been resolved.
- 10.2. The Council is under a legal obligation to consider particular matters before deciding how to proceed. These matters are referred to in paragraph 11- Legal Issues below.

## 11. Legal Issues:

### Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- \* Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- \* Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- \* Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- \* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- \* Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- \* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

An Equality Impact Analysis (EIA) has been carried out on the recommendations contained within this report. The EIA forms part of this report and can be found in Appendix D.

Positive Impacts:

- The Highways 2020 project has identified improvement to social value within the recommended option. The bidders referred to in the recommended option have committed to encourage Apprentice schemes, work experience

and work trials within the provider contracts.

- The Highways 2020 project enables Council officers to instruct and design work that results in change to the physical environment. Projects that will be implemented over the life of the contract will have positive impacts on persons with physical disabilities. There is a range of advice, guidance and codes of practice drawn up to direct engineers and local authority officers on the best way to meet the needs of disabled people and these will continue to be adhered to.
- The Highways 2020 recommended options have organisational commitments to increase their proportion of ethnic minorities within the workplace.
- In addition to the providers approach to service delivery, the contract scope dictates that the providers must adhere to the Lincolnshire County Council equality and diversity policy.

Negative Impacts:

- No perceived adverse impacts

The EIA will be monitored throughout the mobilisation process.

#### Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

The JSNA and JHWS requirements have been considered as part of the commissioning process. Although there is no direct relationship, the recommended option will ensure Lincolnshire has a well maintained and safe road network which enable people to access the services they need, reduce the number of people killed or seriously injured and supports the development of a local vibrant economy, all of which can impact on the health and wellbeing of individuals and communities.

#### Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

The duties under section 17 of the Crime and Disorder Act 1988 have been considered and it is deemed that the Highways 2020 recommendations within this report will have no direct impact.

## 12. Conclusion

- 12.1. Driven by the expiry of the three contracts that form the Highways Alliance, the Council has carried out considerable work over the last 24 months so that the Highway Service has a route to deliver the service from 1 April 2020. Key work streams have been soft market testing, reviewing best practice, drawing up the Options Appraisal, developing the procurement and contract documentation, selecting bidders and managing the procurement through the negotiation phase in such a way as to deliver sound affordable solutions. The Project Board has had continual oversight of the Highways 2020 project to date and will continue to do so until all three contracts have mobilised successfully.
- 12.2. Prior to placing the contract notice, the Executive, following consideration by the Highways and Transportation Scrutiny Committee, approved the procurement on 5 December 2017. More recently, the matter has again been referred to the Highways and Transportation Scrutiny Committee to carry out a thorough examination of the project on 16 September 2019. Its comments will be reported to the Executive.
- 12.3. As part of the work carried out, the Council in combination with the preferred bidders, has set out an ambitious programme of improvements to the Highway Service, with new and challenging service levels backed by three robust and demanding contracts linked to form a collaborative alliance. The procurement and evaluation stage is now complete. Three winning tenders have been identified. The recommendation is to proceed with the award of the contracts to the bidders identified within this report.

### 13. Legal Comments:

The Council has the power to award the contracts to the contractors as recommended which have been determined in accordance with the Council's obligations under the Public Contracts Regulations.

The legal considerations relating to the decision and the recommendations are set out in the Report.

The decision is consistent with the Policy Framework and within the remit of the Executive.

### 14. Resource Comments:

The costs incurred from awarding the Highways 2020 contract will on the whole be met from the approved revenue and capital budgets of the Council. The paper highlights that there is the ability for these contracts to be flexible to adapt to any future budget changes.

Accepting the recommendation to award the contracts will ensure the Council receives value for money for the services included.

The Council holds a contingency which can be utilised for any additional cost pressures incurred during the mobilisation phase on the contract.

## 15. Consultation

### a) Has Local Member Been Consulted?

n/a

### b) Has Executive Councillor Been Consulted?

Yes

### c) Scrutiny Comments

The decision will be considered by the Highways and Transport Scrutiny Committee on 16 September 2019 and the Committee's comments will be reported to the Executive.

### d) Have Risks and Impact Analysis been carried out?

Yes

### e) Risks and Impact Analysis

Each of the main options considered during the Options Appraisal stage have been subject to Change Impact Analysis. The recommended option has been subject to Change Impact Analysis, Equality Impact Analysis and Risk Analysis.

The main conclusions of these analyses are set out in the Report including the Appendices

The documentation in relation to this are contained within the Highways 2020 Business Case that was presented to the Executive on the 5 December 2017.

## 16. Appendices

These are listed below and attached at the back of the report	
Appendix A	Lot 1 - Highway Works. (Confidential)
Appendix B	Lot 2 - Traffic Signals. (Confidential)
Appendix C	Lot 3 - Professional Services. (Confidential)
Appendix D	Equality Impact Analysis

## 17. Background Papers

Document title	Where the document can be viewed
Report to Executive, 5 December 2017, Highways 2020 - Options Appraisal	<a href="https://lincolnshire.moderngov.co.uk">https://lincolnshire.moderngov.co.uk</a>

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