

To: Members of the Cabinet

Notice of a Meeting of the Cabinet

Tuesday, 9 March 2010 at 2.00 pm

County Hall, Oxford, OX11ND



Joanna Simons
Chief Executive

March 2010

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<i>Councillors</i>	Membership
Keith R. Mitchell CBE	- <i>Leader</i>
David Robertson	- <i>Deputy Leader of the Council</i>
Jim Couchman	- <i>Cabinet Member for Adult Services</i>
Ian Hudspeth	- <i>Cabinet Member for Growth & Infrastructure</i>
Louise Chapman	- <i>Cabinet Member for Children, Young People & Families</i>
Michael Waine	- <i>Cabinet Member for Schools Improvement</i>
Rodney Rose	- <i>Cabinet Member for Transport</i>
Mrs J. Heathcoat	- <i>Cabinet Member for Safer & Stronger Communities</i>

The Agenda is attached. Decisions taken at the meeting will become effective at the end of the working day on 17 March 2010 unless called in by that date for review by the appropriate Scrutiny Committee. Copies of this Notice, Agenda and supporting papers are circulated to all Members of the County Council.

Date of next meeting: 16 March 2010

Declarations of Interest

This note briefly summarises the position on interests which you must declare at the meeting. Please refer to the Members' Code of Conduct in Section DD of the Constitution for a fuller description.

The duty to declare ...

You must always declare any "personal interest" in a matter under consideration, ie where the matter affects (either positively or negatively):

- (i) any of the financial and other interests which you are required to notify for inclusion in the statutory Register of Members' Interests; or
- (ii) your own well-being or financial position or that of any member of your family or any person with whom you have a close association more than it would affect other people in the County.

Whose interests are included ...

"Member of your family" in (ii) above includes spouses and partners and other relatives' spouses and partners, and extends to the employment and investment interests of relatives and friends and their involvement in other bodies of various descriptions. For a full list of what "relative" covers, please see the Code of Conduct.

When and what to declare ...

The best time to make any declaration is under the agenda item "Declarations of Interest". Under the Code you must declare not later than at the start of the item concerned or (if different) as soon as the interest "becomes apparent".

In making a declaration you must state the nature of the interest.

Taking part if you have an interest ...

Having made a declaration you may still take part in the debate and vote on the matter unless your personal interest is also a "prejudicial" interest.

"Prejudicial" interests ...

A prejudicial interest is one which a member of the public knowing the relevant facts would think so significant as to be likely to affect your judgment of the public interest.

What to do if your interest is prejudicial ...

If you have a prejudicial interest in any matter under consideration, you may remain in the room but only for the purpose of making representations, answering questions or giving evidence relating to the matter under consideration, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Exceptions ...

There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

Seeking Advice ...

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest**

- guidance note opposite

3. **Petitions and Public Address**

EXEMPT ITEMS

In the event that any Member or Officer wishes to discuss the information set out in Annex 2, the Cabinet will be invited to resolve to exclude the public for the consideration of that Annex (marked **CA4E – Annex 2**) by passing a resolution in relation to that item in the following terms:

"that the public be excluded during the consideration of Annex 2 since it is likely that if they were present during that discussion there would be a disclosure of "exempt" information as described in Part 1 of Schedule 12A to the Local Government Act, 1972 and specified below the item in the Agenda".

NOTE: The report and Annex 1 do not contain exempt information and are thus available to the public. The exempt information is contained in confidential annex 2.

ANNEX 2 TO THE REPORT HAS NOT BEEN MADE PUBLIC AND SHOULD BE REGARDED AS 'CONFIDENTIAL' BY MEMBERS AND OFFICERS ENTITLED TO RECEIVE IT.

THIS IS FOR REASONS OF COMMERCIAL SENSITIVITY AND THE FINANCIAL RISK TO THE COUNCIL IF THE CONTENTS ARE DISCLOSED.

THIS ALSO MEANS THAT THE CONTENTS SHOULD NOT BE DISCUSSED WITH OTHERS AND NO COPIES SHOULD BE MADE.

4E. **Transport Services Contract Award** (Pages 1 - 62)

Cabinet Member: Transport Implementation
Forward Plan Ref: 2009/170
Contact: Art Rapp, Project Manager Tel: (01865) 815661

Report By: Head of Transport

(The information contained in Annex 2 is exempt in that it falls within the following prescribed category:

(3) information relating to the financial or business affairs of any particular person

(including the authority holding that information)

It is considered that in this case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that disclosure would distort the proper process of the transaction and the Council's standing generally in relation to such transactions in future, to the detriment of the Council's ability properly to discharge its fiduciary and other duties as a public authority.

The term contracts for Engineering Consultancy Services with Jacobs and Highway Maintenance with Enterprise plc (formerly Accord) have come to the end of their contract period. Cabinet are aware of the work that has been undertaken to reshape the Transport Service to integrate with a private sector provider of Transport related services. This will encompass the transport work from the above two contracts.

It had been planned to start the whole of the new contract on 1st July 2010 but it has not been possible to negotiate an extension with Enterprise so the highway works element will end on 31st March 2010. Jacobs contract will remain through to 30th June 2010.

The decision required of Cabinet is to approve the successful tenderer and to confirm that a contract can be entered into.

The Cabinet is RECOMMENDED to approve the signing of a contract with Atkins to provide Oxfordshire County Council's transport and highway work within the terms of the contract.

Division(s): All

SPECIAL CABINET – 9 MARCH 2010

TRANSPORT SERVICES CONTRACT AWARD

**Report by Director of Environment & Economy and
Assistant Chief Executive & Chief Finance Officer**

Introduction

1. The term contracts for two key Highways contracts expire at the end of March 2010. Cabinet are aware of the work that has been undertaken to reshape the Transport Service to integrate with a private sector provider of Transport related services. This will encompass the transport work from the above two contracts.
2. This report sets out the background to the work carried out in the tendering process and recommends that the contract be awarded to the successful tenderer and to confirm that a contract can be entered into.

Exempt Information

3. This report contains information in Annex 2 that relates to the competitive procurement process and is commercially sensitive. The public should therefore be excluded if cabinet wishes to consider Annex 2 further as their discussion in public would be likely to lead to the disclosure of information in the following categories prescribed by Part 1 of Schedule 12A to the Local Government Act 1972 (as amended): paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – and since it is considered that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that disclosure would distort the proper process of the transaction and the Council's standing generally in relation to such transactions in future, to the detriment of the Council's ability properly to discharge its fiduciary and other duties as a public authority.

Background

4. The current term contracts for Engineering Consultancy Services (Jacobs) and Highway Maintenance and Works (Enterprise) come to an end on 31 March 2010. The Jacobs contract has recently been extended for a further 3 months to the end of June 2010. Despite attempts to extend the Enterprise contract for the same period this has failed.
5. Following extensive work to determine the approach to be taken in retendering these services and as agreed previously by Cabinet work began in 2008 to retender the contracts as a single contract for a period of 10 years to support the following Oxfordshire County Council agreed objectives;

- Achieve high standards of customer satisfaction
 - Deliver the transport capital programme reliably and cost effectively
 - Achieve sustainable and demonstrable efficiency savings
 - Improve the condition of local roads and pavements
 - Minimise the environmental impact of our activities
6. The Transport Service is currently reshaping the service to address areas where improvement is required. The objectives of this transition are;
- To be a “Leading Edge” transport and highways authority
 - Strong customer focus / high level of customer satisfaction
 - Total consistency of approach to delivery and customer interaction
 - Improved capacity for forward planning and programming
 - Smoother, clearer and more effective process of delivery
 - Certainty of delivery in cost / time
 - One Team culture – ownership of OCC aims
7. Through a process of competitive dialogue an initial list of seven contractors was reduced to a short list of three based on quality submissions. The dialogue process continued and allowed the bidders to contribute to the way in which the Transport Service would move forward and achieve the service efficiencies and financial savings both in the short term and ongoing. The three contractors Amey, Atkins and MGWSP (MayGurneyWSP) were then invited to tender.
8. The tender was divided into two areas for evaluation: a Qualitative section worth 60% of the evaluation which included questions concerning the service (supported by 24 annexes of detailed information), And a Financial section valued at 40% of the evaluation with a range of price specific exercises designed to ascertain value for money, and a draft contract.
9. Additionally, during the evaluation period each bidder attended a “cultural fit test” which involved a mock Transport Leadership Team dealing with some difficult scenarios. This was carried by Oxford Brookes University and was to assess how the integrated leadership team might react with each other in specific business situations. This process was included as part of the qualitative assessment.

Tender Evaluation

10. Annex 1 provides information relating to the evaluation of the tenders. This includes:
- Principles of partnering for this process
 - The Performance framework for the contract
 - Service improvements required from the process and ongoing service
 - Summary of the Quality assessment
 - Summary of the Financial evaluation
 - Cost Profile based on a range of annual expenditure on the contract

- Overall assessment of combined Quality and Financial sections
11. Annex 2 provides more detail in this regard with full information relating to the detailed submissions on quality and financial assessment. This Annex is considered to be commercially confidential as set out in the above section.

Risk Management

12. The contract is structured to reward the contractor for performance in the following way;

Operational performance indicators (Profit)

- For meeting agreed performance the provider is rewarded with a graduated profit
- For each task their profit fee is at risk
- Against a range of indicators they may recover all or part of their profit

Strategic indicators (Contract extensions)

- Linked to performance of the whole service
- Objectives are in line with the partnership's performance
- The provider can lose extensions that they have gained
- Council discretion to award extensions not gained in previous years

13. The contract does not guarantee any specific value of work and enables the council to allocate work to other contractors if it considers appropriate for any reason.

Financial and Staff Implications

14. The three providers submitted prices in accordance with the contract. All prices have been checked to ensure arithmetical accuracy. A number of clarifications have been sought on the bidder's pricing strategy to ensure the bids are directly comparable and sustainable.
15. The two lowest prices submitted were close and offer good value for money for the council. Early indications are that the prices offer a saving of around 20% over the current arrangements which is in line with those projected into the Medium Term Financial Plan.
16. Annual inflation within the new contract is determined using RPIX; the current contract uses Baxter Indices more appropriate to construction projects. Historically, over the last 10 years RPIX has always been considerably lower than Baxter which will reduce the inflationary pressures on the contract.
17. A new Transport Service structure and revised governance has been devised to ensure the new partner is fully involved, committed and incentivised to deliver value for money and high standards of workmanship and customer relations through an integrated management structure where partner staff fill certain key posts within the management structure including the Assistant

Head of Service - Delivery. The new structure has reduced the overall number of managers in Transport from both provider and the Council.

18. In parallel, the partnership will require contractor staff to be managed by OCC and conversely, OCC staff to work with and be managed by contractor staff. This will require considerable change to the practices and processes operated. This will enable common goal setting while allowing the contractor to influence the business in a way that drives efficiencies in staff utilisation and economies of scale.
19. Additionally, there are staff at both Jacobs and Enterprise who are eligible to TUPE across to the new contractor. Unison have been actively involved throughout the process and in the dialogue meetings.

Conclusion

20. The combined scores for cost and quality resulted with Y in first place followed by Z and X in second and third place;

Tenderer	X	Y	Z
Rank	3	1	2

21. The contract should be awarded to company Y – Atkins.

RECOMMENDATION

22. **The Cabinet is RECOMMENDED to approve the signing of a contract with Atkins to provide Oxfordshire County Council’s transport and highway work within the terms of the contract.**

HUW JONES
 Director of Environment & Economy

SUE SCANE
 Assistant Chief Executive & Chief Finance Officer

Contact Officer: Steve Howell Head of Transport (01865) 815845
 Grant Cawte Group Manager Contracts (01865) 810305

March 2010







Annex 1

Project Objectives

- ✓ Strong customer focus / high level of customer satisfaction
- ✓ Total consistency of approach to delivery and customer interaction
- ✓ Improved capacity for forward planning and programming
- ✓ Smoother, clearer more effective process of delivery
- ✓ Certainty of delivery in cost / time
- ✓ One team culture – ownership of OCC aims
- ✓ To be a 'Leading Edge' transport and highways authority

Achieving Excellence In Construction

Integrated Project Team – Six key principles of partnering

-  Early involvement of key members of the project team
-  Selection by value not lowest price
-  Common processes such as shared IT
-  Commitment to measure performance as the basis for continuous improvement
-  Long term relationships with the supply chain
-  Modern commercial arrangements based on target cost with shared pain / gain incetivisation

Performance Framework

Performance Indicators

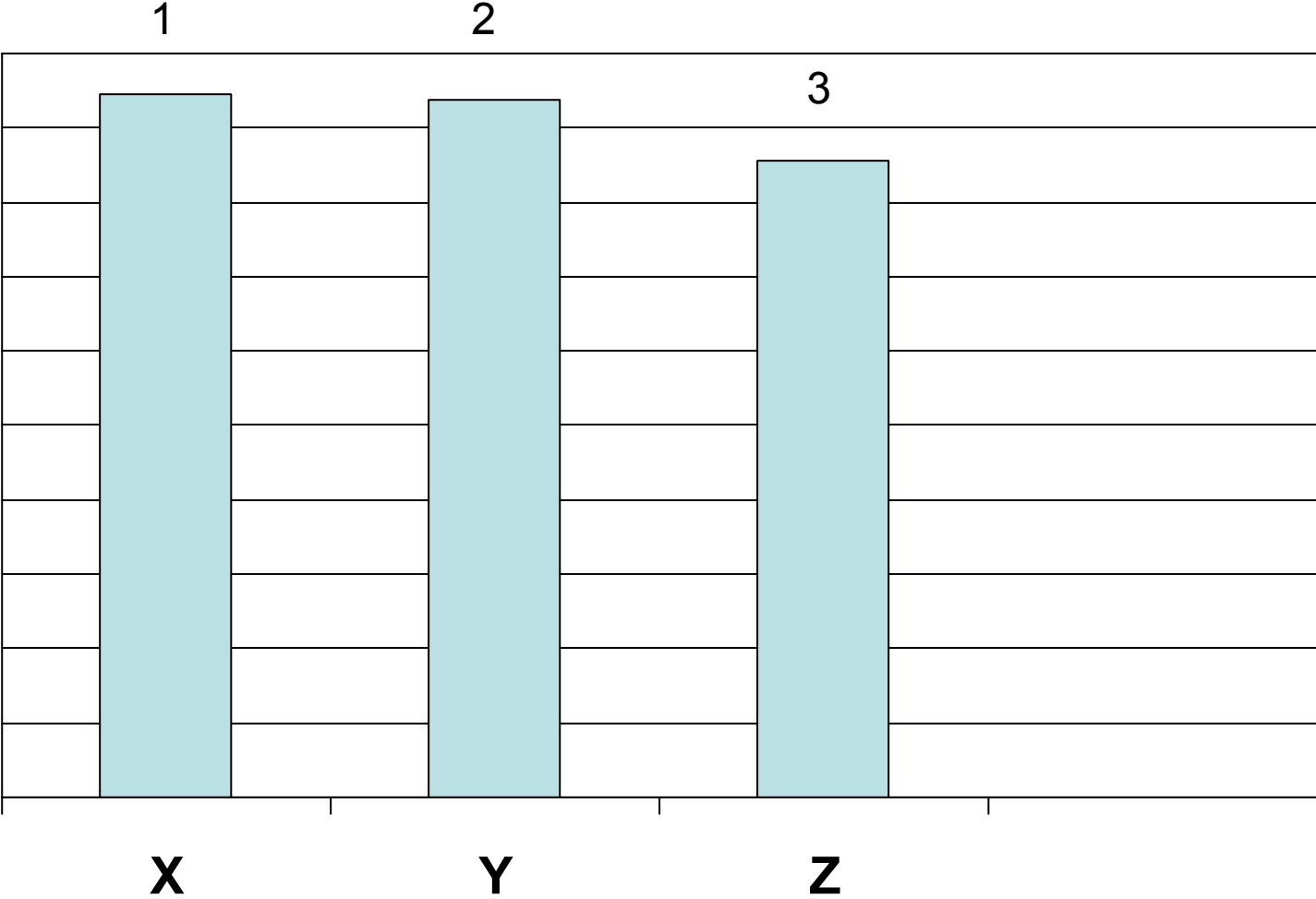
- ✓ **Operational performance indicators (Profit)**
- ✓ For meeting agreed performance the provider is rewarded with a graduated profit
- ✓ For each task their profit fee is at risk
- ✓ Against a range of indicators they may recover all or part of their profit

- ✓ **Strategic indicators**
- ✓ Linked to contract extensions
- ✓ Objectives are in line with the partnership's performance
- ✓ The provider can lose extensions that he has gained
- ✓ Council discretion to award extensions not gained in previous years

Service Improvements

- ✓ Quicker response times through mobile technology
- ✓ Better co-ordination of resources and more focussed communications through the local control centre
- ✓ New Area Stewardship function enabling better customer representation
- ✓ Proportional budget allocations devolved for locality priorities
- ✓ Robust contract conditions to deal with poor provider performance
- ✓ Stronger financial management provisions to manage risk
- ✓ Improved obligations on the provider to deliver EqIA compliant services
- ✓ Wider social contractual obligations on the provider to deliver training and apprenticeships within Oxfordshire.

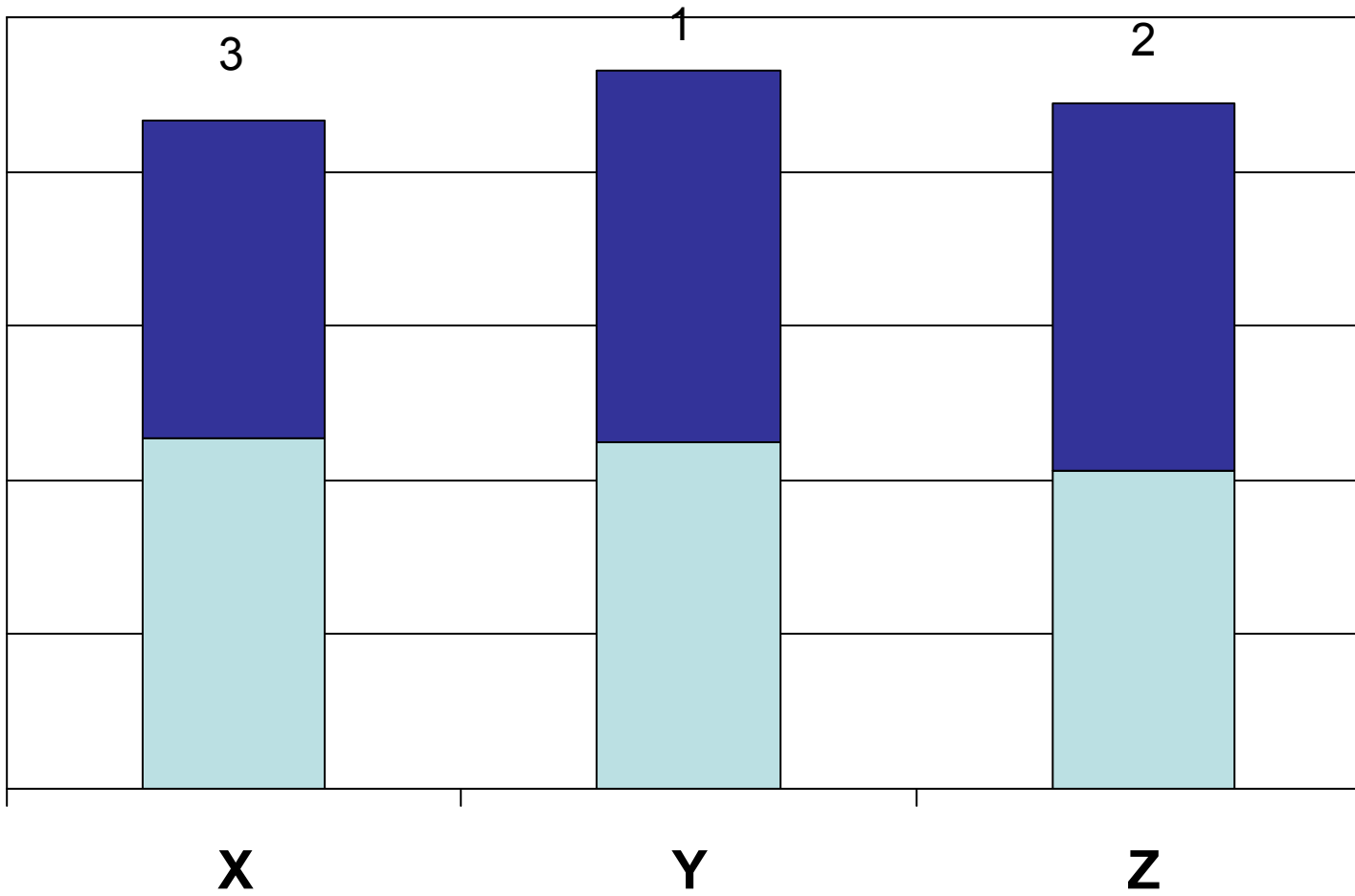
Quality



Financial Appraisal

	X	Y	Z
Score	3	1	2

Overall assessment



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

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