

Wards Affected: All Wards

CABINET PROCUREMENT COMMITTEE

4 DECEMBER 2012

**INVITATION TO TENDER FOR THE SUPPLY OF ASPHALT MATERIALS**

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**Executive Summary:**

This report is seeking approval to commence the tender process in accordance with the Council's Contract Procedure Rules and Financial Regulations.

The proposal is to utilise and call-off the existing Eastern Shires Purchasing Organisation (ESPO) contract 231 which provides a market tested framework agreement for the supply of asphalt and bituminous material.

The contract to be secured is: Supply of Asphalt Materials (Tarmac for use in highways works delivered by Highways Services). The estimated contract value is £850,000 until March 2014.

Currently there is a waiver in place as the original tender expired in March 2012.

**1 Recommendation(s)**

1.1 That the commencement of the tender process, for the procurement of Supply of Asphalt and Bituminous Materials CU2323 be approved.

**2 Issues**

2.1 The Council's Constitution requires all procurement in excess of £100,000 to be approved by Cabinet Procurement Committee. This includes both the decision to formally award contracts and the decision to authorise officers to commence tender processes.

2.2 This report requests approval to obtain tenders for the provision of Supply of Asphalt Materials CU2323. The old HW1 contract has currently expired (31.03.2012). This request is to enable the purchase of asphalt to take place within the council's rules. All costs associated with the tendering process will be met by revenue budget allocated within the 2012/13 year and is expected to be less than £500.

**2.3 Consultation and Policy**

2.3.1 The procurement seeks to implement the Council's Highways Network Service Plan objective of providing a safer highway network thereby reducing the potential for accidents, delays and future costs to the Council. Specific Key Service outcomes are.

2.3.2 CP14 – To have an efficient transport and highways infrastructure.

2.3.3 CP 15 – to promote sustainable movement through the borough of Milton Keynes

2.3.4 The specification is an existing one on the ESPO contract, checked for suitability by the Highways Operations Team Leader.

## 2.4 Specification

2.4.1 The procurement seeks to deliver the following service objectives:

- Deliver the highways schemes requiring asphalt materials, both from revenue and capital budgets, on the highway network for 2012/13 and 2013/14, pending the outcome of the OTP externalisation of Highways Services. Utilising the existing ESPO contract 231 will deliver a market tested framework agreement in the shortest possible timescale. The ESPO contract period is 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2013 with an option to extend for a further period or periods totalling no more than 24 months. The anticipated value will be £500,000 per annum. The contract will be a call-off framework agreement with the value depending on the level of works required in each year.

## 2.5 Evaluation Criteria & Panel

2.5.1 The MEAT evaluation of tenders will be as follows:

- (a) Price @ 60%
- (b) Quality @ 40%

2.5.2 The quality evaluation criteria will also have sub criteria that reflect the relative importance of Health and Safety, competence and ability to deliver with minimal waiting times.

2.5.3 Tenders submitted will be evaluated by a panel comprising of Technical Officers and Highways Operations Manager. Colleagues within Legal and Corporate Procurement will be engaged to support the tender process.

## 2.6 Contract Terms and Conditions

2.6.1 Utilising the existing ESPO contract 231, the contract period is 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2013 with an option to extend for a further period or periods totalling no more than 24 months. This fits well with the current plans to externalise Highways Services.

2.6.2 The Council's Senior Client Officer for the procurement is Head of Commercial Services and for the management of the contract is Mark Bowater, Highways Operations Manager.

### 3 Alternative Options

3.1 The following options appraisal has been conducted:

Do Nothing – the Council would be in breach of the EU procurement rules and would not be demonstrating value for money

Procure Contracts through ESPO (preferred option) – this route of procurement would appear to be the quickest and most cost advantaged method of procurement based upon the recent market testing carried out via the framework contract.

Procure Contracts through E-Tendering system – this would take approximately 9 months and would delay the delivery of the existing capital works scheme.

### 4 Implications

#### 4.1 Policy

The tenders seek to implement the procurement policy in respect of this service.

#### 4.2 Resources and Risk

4.2.1 The costs of this contract are met from the Highway Budget (Revenue) and the Transport Capital Programme. The estimated annual value of the contract is £850,000. This will be a framework agreement; the exact value of the works will vary from year to year.

- The key OPPORTUNITY secured by this contract is Highways Network Improvements, MK Council's statutory duty under section 41 of the Highways Act 1980 to keep the highway in a safe condition and a reduction in insurance claims. It is assessed that the delivery of this contract provides a HIGH Likelihood that a LOW impact will secure the opportunity defined.
- The key THREATS for this contract have been assessed as:
  - Procurement Timeline – Proposal to procure through ESPO will potentially reduce procurement timeline to ensure that capital works are delivered on time.
  - Unexpected increase in volume of works due to unforeseen circumstances. Adjustments to consequent schemes to balance budgets

Y	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	Y	Asset Management

#### 4.3 Carbon and Energy Management

As set out in the specification, evaluation criteria and risk assessment.

#### 4.4 Legal

The requirement for this tender will meet the Council's statutory obligations to provide Highways Maintenance service under the Highways Act 1980.

This recommendation complies with MKC rules, UK and European legislation.

#### 4.5 Other Implications

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
Y	Carbon and Energy Policy				