



Democratic Services

# Procurement and Commissioning

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**Tuesday, 18 April 2017**

**18:00**

**Room 2 (Civic Offices)**

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Marland (Leader of the Council) O'Neill (Deputy Leader)  
Gifford Gowans Legg Long Middleton Nolan

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7. **Award of Contract - Appoint Consultants and Construction Company for V11 and V4 Improvements** 23 - 28

To consider Item 7.

**Wards Affected:**

*All wards*

**ITEM 3**

**PROCUREMENT AND COMMISSIONING**

**18 APRIL 2017**

**INVITATION TO TENDER – LEISURE OPERATOR FOR COMMUNITY SPORTS FACILITY (REF: CU2575)**

Responsible Cabinet Member: Councillor Gifford (Cabinet member for Place)

Report Sponsor: Paul Sanders (Assistant Director, Community Facilities)

Author and contact: Kate Davidson (Leisure and Community Officer (Infrastructure)), Tel: 01908 252109

**Executive Summary:**

This report is seeking approval to commence the tender process and to allow award to be made outside of the Procurement and Commissioning panel by the Service Director and Portfolio Holder for a leisure operator to manage the new community sports facility located in Central Milton Keynes.

**1. Recommendation(s)**

1.1 That the commencement of an open tender process for the procurement of a leisure operator for the Central Milton Keynes Community Sports Facility be approved. The rationale for this approach is set out in section 3.

1.2 That due to the facility opening in the summer of 2017, and the need for an operator to be in place at least 4 weeks beforehand, that following the tender evaluation, the decision to appoint the operator be designated to the Service Director and Portfolio Holder without the requirement to return to the Procurement and Commissioning.

**2. Background**

2.1 The procurement is needed in order to meet the leisure management service requirements for the new Central Milton Keynes Community Sports Facility.

This report requests approval to obtain tenders and approval to award for the provision of a leisure operator, where the estimated value will be based on the concession paid to the Council by the appointed operator.

The Council is in the process of taking a 125 year lease for the land from the site owners MKDP. MKDP are fully aware of the Council proposals to sub-lease the management of the facility to an operator.

**2.2 Consultation**

(a) A sub-lease document and accompanying contract will be developed in partnership with the relevant Cabinet Member and the following key stakeholders:

- (i) Legal Services, Property Services, and the Finance Department
- (b) Soft market testing carried out by V4 Services (Leisure Consultants) concluded that a review of the current leisure market in Milton Keynes identified the following:
  - (i) A number of leisure operators in Milton Keynes would be interested in bidding to manage the Central Milton Keynes Community Sports Facility.

### 2.3 Specification

- (a) The procurement seeks to deliver the following service objectives:
  - (i) Getting Inactive People Active – work with partners and support multiple strategies and initiatives to get local people more active. This will be achieved by working with partners and stakeholders to offer a wide range of opportunities, and by ensuring that facilities are accessible as much as possible.
- (b) *A Procurement and Commissioning paper approved on 17 January 2017 stated that the specification would deliver:*

*A 25 year full repairing and insuring lease at a ground or base rent of £10,000 pa for the first 5 years with rent reviews every 5 years (in accordance with CPI or to open market rents\*)*

*However, the Council has now received the final draft lease from MKDP, which is at a nominal peppercorn value which is required to allow MKDP to transfer the site at less than full market consideration to MKC. The draft lease does not allow the Council to be paid rent in excess of a peppercorn value.*

*Therefore to ensure the Council still receives an income from the sub-lease the new operator would instead pay a management fee to MKC under a contract. This would be dictated by the market but would be expected to be in excess of the £10k per annum ground rent originally proposed in the report.*

  - (i) Prospective operators will be required to put forward as part of their bid a proposal to pay a proportion of income to the Council by way of a percentage of the annual turnover.
  - (ii) The operator will also be required to pay £18,200 per annum into a sinking fund to be administered by the Council, such monies to be used solely for the replacement of the 3G surface as and when required.
  - (iii) The operator will also be required to fit out the interior of the sports pavilion within the first month of the lease start date to a specification agreed with the Council.
- (c) Public Services (Social Value) Act 2012 - officers have considered whether this procurement can deliver any element of Social Value and

have concluded that the following requirements can be built into the Specification:

- (i) Employment of local people
- (ii) Usage of local suppliers if they provide best value

2.4 Evaluation Criteria and Panel

- (a) The MEAT evaluation of the tender includes the following tender specific requirements, which are listed below:

2.5 A ratio of 80% weighting on price and 20% weighting on quality – please see below table

Area*	Evaluation Area	Weighting (%)
1	<i>Tender Price</i>	80%
2	<i>Quality</i>	20%
2a	<p>Community Use</p> <p>Please demonstrate how you will ensure that you will meet the minimum requirements for community use, as outlined in the community use agreement. [50%]</p> <p>How will you engage with the local community and offer access to the new facility to a wide range of user groups? [25%]</p> <p>How will you market the new facility within Milton Keynes to target a wide range of audiences? [25%]</p>	[60%]
2b	<p>Facility Management and Maintenance</p> <p>Please demonstrate how you will ensure that the new facility is managed and operated to a high standard. [50%]</p> <p>Please demonstrate how you will ensure that the new facility is maintained to a high standard. [50%]</p>	[40%]

- (a) Tenders will be evaluated by a panel comprising staff from the Leisure and Community Team / Finance / Procurement and the leisure consultant advising on the project.

2.6 Contract Terms and Conditions

- (a) The Council's standard Terms and Conditions for Services will be used.

Property Services have developed the Heads of Terms for the sub-lease of the Sports Facility in conjunction with the Community Facilities

Department and these will form part of the tender documentation. The Legal Department has been instructed to draft the necessary sub-lease.

- (b) The Council's Constitution further requires that all contracts in excess of £100,000 are sealed as deeds.

## 2.7 Project Management

Weekly team meetings will take place to discuss and update the programme, risk register and issues log. The project team reports to the Central Milton Keynes Community Sports Facility Project Board on a monthly basis, chaired by the Assistant Director for Community Facilities.

- (a) The Council's Project Manager for the procurement is the Leisure and Community Officer responsible for Contract Management.
- (b) The Council's Senior Client Officer for the procurement is the Leisure and Community Manager.

## 3. Alternative Options

### 3.1 The following options have been considered:

- (a) Do nothing – this is not a viable option because the new facility will need to be managed, and the Council may face criticism if the building is finished but not open to the public.
- (b) Delivery of the requirement internally (in-source) or through a Council controlled company– this is not a viable option because the department no longer has the in-house expertise to manage leisure facilities, and it would retain trading and property risk with the Council, and would not deliver the best financial outcome.
- (c) Existing Leisure Contract variation – we have been advised against this given the level of interest and the opportunity to ensure best value from a wider leisure market see (d) below.
- (d) Open (single stage) tender – this is the most viable and fair option because it gives a wide range of organisations the opportunity to bid to manage the new facility. This option will drive best value and fairness across the leisure market, either through a service concession or a lease alongside an associated contract – **this is the preferred option.**

## 4. Implications

### 4.1 Policy

This procurement seeks to implement the Council's policy for leisure facility management, adopted as part of the Sport and Active Communities Strategy by Milton Keynes Council and partners in 2014. The policy refers to procuring the management of leisure and community facilities to meet local needs, and ensure best value.



The award of this contract will progress the following outcomes within the Council Plan 2016-20:

*A City of opportunity*

*An Affordable City*

*A Healthy City*

#### 4.2 Resources and Risk

The intent is to seek an income to MK Council benefitting revenue budgets and already identified as contributing to the Medium Term Financial Plan. The Risk Assessment for this contract is available if requested.

- (a) The key opportunity secured by this contract is the potential income for the Council from the lease that the operators will bid for. It is assessed that the delivery of this contract provides a medium likelihood that it will secure the opportunity, resulting MKC with a medium positive Impact.
- (b) The key threats for this contract have been assessed as:

<b>Risk</b>	<b>Likelihood/Impact</b>	<b>Mitigation</b>	<b>Impact after mitigation</b>
Lease of land is not completed	Low	Work with MKDP to complete	Low
Less than 2 tenders received	Low	Open tender process. Advertisement in Leisure Opportunities Magazine	Low
Tenders do not deliver income from contract as anticipated.	Medium	Business Plan shared as part of specification.	Low

The governance measures set out in 2.7 above provide a basis to conclude that these threats, properly managed represent a low likelihood with a medium Impact.

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

#### 4.3 Carbon and Energy Management

- (a) The project includes energy efficient features such as the lighting and solar panels on the roof.

#### 4.4 Legal

The Council has the necessary statutory authority under Section 120 Local Government Act to lease its land for the purposes of its functions.

Under Section 123 Local Government Act 1972, Local Authorities have a duty to secure the “best consideration that can reasonably be obtained” when disposing (including granting a lease) of its land. An open tendering process will assist the Council in meeting this duty.

Provision of leisure services is a discretionary function of the Council.

It is proposed that the appointed operator would pay the Council for the right to operate the sports facility, either as a concession agreement (within the meaning of the Concession Contracts Regulations 2016 which came into force in April 2016), or under a long lease procured under the Light Touch Regime which came into force in April 2015.

For both options the value of the contract over 25 years is estimated to be £4,104,394 which is above the current thresholds and hence the full rules relating to advertising of the contract as stipulated in the Concession Contracts Regulations 2016 and EU Procurement Regulations 2015 would apply. The rules relating to transparency, fairness and equality apply regardless of the value. The Council’s contract procedure rules are also applicable.

The facility has been built using funding which is subject of a grant funding agreement. It is imperative that obligations of the Council relating to this funding agreement, particularly as relate to any claw back provisions and use of the facility are embedded in the documentation. As such, due consideration needs to be given and the recommended model for the provision of services should be one which achieves the desired commercial outcome whilst adequately protecting the Council.

#### 4.5 Other Implications

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

Background Papers:

*None*

**INVITATION TO TENDER – FRAMEWORK FOR PROVISION OF HOUSEHOLD GOODS FOR THE LOCAL WELFARE PROVISION SCHEME (REF: CU2588)**

Responsible Cabinet Member: Councillor Middleton (Cabinet member for Resources and Innovation)

Report Sponsor: Robin Bates (Head of LGSS Revenues and Benefits)

Author and contact: Judith Johnson (Assistant Benefits Manager)  
Tel: 01908 254155

**Executive Summary:**

This report is seeking approval to commence the tender process to set up a multi-lot framework for the provision of beds for the Local Welfare Provision Scheme and other Council services for a contract that will be from 1 August 2017 to 28 February 2019 with the option to extend for 1 year plus 1 year.

**1. Recommendation(s)**

1.1 That the commencement of a single stage European (OJEU) open tender process to set up a multi-lot single supplier framework for the procurement of beds for the Local Welfare Provision Scheme and other Council Services be approved.

**2. Background**

2.1 The Welfare Reform Act 2012 (the Act) ended the provision of Community Care Grants (CCGs) and Crisis Loans (CLs) under the Discretionary Social Fund for living expenses provided by the Department for Work and Pensions (DWP).

2.2 Funding was transferred from the DWP to Local Authorities (LAs) from 1 April 2013 for 2 years, to provide locally-administered assistance to vulnerable people.

2.3 There was no statutory duty requiring local authorities to deliver a specific scheme for administering this funding but Milton Keynes Council (the Council) considered that it was in the best interests of the community to run a scheme for a minimum of two years from April 2013 to provide the Council with an opportunity to understand and measure local demand. This scheme is known as the Local Welfare Provision (LWP) scheme. The scheme is now subject to annual approval and funding has been agreed for 2017/18.

2.4 Local Welfare Provision is a discretionary scheme which the Council has agreed to fund under the Discretionary Financial Assistance Policy.

2.5 The Council published a tender under CU2536 for the Provision of Household Goods (including Lot 2, Beds) in 2016 but none of the tenders that passed the

quality threshold could make same day deliveries. In view of the need to reduce the reliance on hotel type accommodation for homeless families it was decided to not award Lot 2 Beds.

- 2.6 This report requests approval to obtain tenders to set up a multi-lot framework for the provision of beds for the LWP Scheme and other Council Services. The estimated budget for this will be in the region of £52k per annum based on spend in 2015/16.

## 2.7 Consultation

A survey of internal and external stakeholders was undertaken in 2015 and the feedback was overwhelmingly in favour of providing goods and services, not cash or cash equivalents. It is not considered necessary to consult on which company should provide these goods but it is important that they are procured for the lowest price possible in order to maximise the number of people who can benefit from awards.

A review of the current procedures has identified the following:

- (i) Lessons learned – It is essential that we receive one invoice for each LWP award per supplier regardless of how many items are on that order to enable us to reconcile expenditure to each LWP application.
- (ii) Speed of delivery for beds is important. This avoids delays in the applicant moving in. Delays in moving in can result in lost Housing Benefit and increased rent arrears as well as extending the time someone may need temporary accommodation at a cost to the council. A framework will provide the opportunity to ensure delivery timescales are met.

## 2.8 Specification

- (a) The procurement seeks to deliver the following service objectives:
  - (i) To provide a supplier and process that is compliant with the Council's procurement policy and protocols.
  - (ii) To identify the supplier or suppliers that will provide best value for public funds and to the Council.
  - (iii) To maximisation the number of awards that can be made through the Local Welfare Provision discretionary fund
- (b) The specification can be summarised as:  
Provision of household items in two lots:
  - Lot 1 Beds for Milton Keynes and surrounding areas
  - Lot 2 Beds for Luton area
- (c) There will be a requirement for suppliers to meet specified delivery timescales including same day delivery.

- (d) It is anticipated that savings will be made within the contract by utilising the framework agreement prices.
- (e) Public Services (Social Value) Act 2012 - officers have considered whether this procurement can deliver any element of Social Value and have decided that suppliers will be tested on their proposals for Social Value.

## 2.9 Evaluation Criteria and Panel

- (a) The MEAT evaluation of the tender includes the following tender specific requirements, which are listed below:

Area*	Evaluation Area	Weighting (%)
1	<i>Tender Price</i>	75%
2	<i>Quality criteria in which we will test Delivery processes, Ordering processes and Social Value contribution.</i>	25%

- (b) Tenders submitted will be evaluated by a panel comprising of service managers. Colleagues within Finance and Legal and Corporate Procurement will be engaged to support the tender process.

## 2.10 Contract Terms and Conditions

- (a) Tenders will be sought for a contract period starting on 1 August 2017 and ending on 28 February 2019. The Contract will provide for an extension of 1 plus 1 year. This date range brings it into line with the contracts awarded under Tender CU2536 mentioned above.
- (b) Legal will be engaged to ensure that appropriate terms and conditions are used for the framework and the call off contracts.

## 2.11 Project Management

- (a) The Council's Project Manager for the procurement is the Assistant Benefits Manager.
- (b) The Council's Senior Client Officer for the procurement and for the management of the contract is the Assistant Benefits Manager.

## 3. Alternative Options

### 3.1 The following options appraisal has been conducted:

- (a) Do nothing. This is not an option because we would not comply with Public Procurement regulations if we continue to purchase goods ad hoc for the Local Welfare Provision scheme.
- (b) Open (single stage) tender (Recommended). This provides maximum opportunities for Small and Medium Sized Enterprises as well as large companies.

- (c) Use a Council Framework or an external framework. There is no current framework available.

#### 4. Implications

##### 4.1 Policy

The procurement seeks to implement the Council's policy for awards under the Discretionary Financial Assistance Policy, adopted by Delegated Decision on 29 March 2016. The award of this contract will progress the priorities/outcomes within the Corporate Plan 2012/16:

##### 4.2 Resources and Risk

The costs of this contract are met from the Revenues and Benefits Service Budget (Revenue). The expected level of spend on this contract will be c£52k per annum based on previous spend levels. This cost can be contained within the total budget of £250k for Local Welfare Provision.

The Risk Assessment for this contract is available if requested or directly via Members access to GRACE. In summary:

- (a) The key opportunity secured by this contract is to enable the Revenues and Benefits Service to meet the need for household items under the Discretionary Financial Assistance Policy. It is assessed that the delivery of this contract provides a high likelihood that will secure the opportunity defined providing the Council with a high positive Impact.
- (b) The key threats for this contract have been assessed as:

Risk	Likelihood/ Impact	Mitigation	Impact after mitigation
Delays in progressing the tender process	Low / High	Timetable embedded into work plan	Low
Long term absence or availability of key officers	Low / Medium	Timetable embedded into work plan and standby officer to pick up if required.	Low
Not enough market interest	Low / Medium	Inform the market in advance	Low

The governance measures set out in 2.10 above provide a basis to conclude that these threats, properly managed represent a low likelihood with a medium impact.

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

#### 4.3 Carbon and Energy Management

Not applicable

#### 4.4 Legal

The services to be provided under this procurement are discretionary services which will facilitate the well-being of individuals within Milton Keynes. The Council has the power under the Localism Act 2011, powers of general competence, to provide these services. This procurement will also facilitate the realisation of the policy adopted by the Council, the Discretionary Financial Assistance Policy.

The proposed establishment of a framework to facilitate the provision of the services complies with the law relating to frameworks i.e. the term of the framework is proposed to 4 years at maximum.

The estimated value of the spend under the combined framework with CU2536 is £190,000 over term which is beyond the EU threshold for supply of goods. The tender will therefore require publication in the European Journal as well as on INTEND to comply with the procurement law and the Council's contract procedure rules.

The proposed tender price weighting is 75% and therefore complies with the Council's contract procedure rules which require that the price weighting should be no less than 40%.

#### 4.5 This report seeks approval to proceed to tender in accordance with the Council's contract procedure rules. Other Implications

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

Background Papers:            Discretionary Financial Assistance Policy (web link)  
[Link to Discretionary Financial Assistant Policy](#)





**Wards Affected:**

All

**ITEM 6**

**PROCUREMENT & COMMISSIONING**

**18 APRIL 2017**

**AWARD OF CONTRACT – NICOTINE REPLACEMENT THERAPY PRODUCTS  
(REF: CU2565)**

Responsible Cabinet Member: Councillor O’Neil (Cabinet member for Healthier and Stronger Communities)

Report Sponsor: Muriel Scott (Director of Public Health)

Author and contact: Julia Banham (Stop Smoking Service Co-Ordinator),  
Tel: 01908 254242

**Executive Summary:**

This report is seeking approval to award the contract for the provision of NRT with an annual value of £180,000 in 2015/6, for a contract that will be for a period of one (1) year, with a possible extension of two (2) years in the form of 12 monthly increments at the Councils discretion.

Procurement & Commissioning previously agreed that the tender could progress at its meeting on 17 January 2017.

**1. Recommendation(s)**

1.1 That the contract for the supply of Nicotine Replacement Therapy be awarded to the tenderer who has scored the highest in accordance with the Most Economically Advantageous Tender evaluation.

**2. Background**

2.1 The procurement is needed in order to meet Milton Keynes Councils Public health responsibility for providing Stop Smoking support to the public and in particular vulnerable groups.

**2.2 Decision to Proceed to Tender**

This procurement was approved to proceed to Tender by Procurement & Commissioning on 17 January 2017 and is consistent with Council’s policy.

**2.3 Consultation**

The specification and evaluation criteria for this contract were based on procurement carried out in previous years, but includes specific outcomes and targets to ensure the service is sustainable with continued success in performance. MK Council core team advisors have been trialling giving out NRT directly to patients over the last 12 months and GP advisors in 6 practices have been trialling it for 3 months. Feedback from all advisors has

been positive to say that patients prefer this method of Nicotine Replacement Therapy (NRT) supply and it has had a positive impact on patient outcomes.

- (a) A review of the previous supply models and the trial period identified the following:
  - (i) Lessons learned - The trial period allowed verification of admin cost incurred under current supply models used and possible saving of direct supply to advisors. Previous supply issues can be avoided – these include invoicing errors and GP prescribing errors.
  - (ii) Areas of change / improvement needed where highlighted as being a greater control over the amount advisors can supply in one appointment. Practices unable to offer appointments regularly are currently over supplying without sufficient support, with supply from the Stop Smoking Service this can be monitored more closely.

## 2.4 Specification

- (a) The procurement seeks to deliver the following service objectives:
  - (i) Value for money – the council will be eligible for wholesaler discounts by buying in bulk.
  - (ii) Improved payment processes – without the need to wait for pharmacies to invoice for reimbursement allowing improved budget management.
  - (iii) Faster access to NRT for patients - whilst still motivated.
  - (iv) Demand management - stop GP practices supplying any FP10 prescriptions and over supplying product which may be wasted.
- (b) The specification can be summarised as:
  - (i) Wholesale prices with a 20% discount compared to current costs.
  - (ii) Advisors in all Practices working as per the Milton Keynes Council Public Health Enhanced Services Stop smoking Specification will be required to supply NRT weekly and any that contravene guidance can be identified and the issue addressed. NRT will be supplied to the Council who will then supply advisors in provider Practices as per their activity.
- (c) The new contract “purchasing policy” will be structured to deliver a 20% saving on current NRT item costs supplied through GPs and the Councils core team. These two support routes currently see 86% of patients who stop smoking with support in Milton Keynes (as per 2015/16 stop smoking service data), the remainder being seen in prison or in pharmacy.

As GP contracted activity is not capped savings from direct supply of NRT from MKC are expected to be a minimum of £40,000 pa, these will be achieved due to the 20% (average) wholesaler discount that MKC will receive and through the savings made by not using pharmacies to dispense items.

- (d) Public Services (Social Value) Act 2012: Due to the nature of this contract social value will be achieved by the service this contract undertakes in providing Stop Smoking support to the public and in particular vulnerable groups

## 2.5 Evaluation Criteria and Panel

- (a) The MEAT evaluation of the tender includes the following tender specific requirements, which are listed below:

Area*	Evaluation Area	Weighting (%)
1	<i>Tender Price</i>	80
2	<i>Service delivery: speed of delivery, use of reliable couriers, length of use by dates, accuracy of orders.</i>	20

- (b) An open single stage European tender process (OJEU) was used and advertised on the Council's E-Tendering system and Contracts Finder on 2 February 2017 and 1 tender was returned on 10 March 2017.
- (c) Due to the limited number of national brands, the large areas covered by wholesalers and the legal requirements required of them only one tender was received which was as expected.
- (d) The tender received is from the wholesaler currently supplying NRT for the trial period, known to the Council for their competitive pricing, excellent service and efficient delivery. The tender application was evaluated and found to meet the requested criteria as laid out in the tender documents.

## 2.6 Contract Terms and Conditions

- (a) Tenders were sought for a contract period starting on 1 April 2017 and ending on 31 March 2018.
- (b) The contract will provide for an extension of 2 years in 12 monthly increments at the Council's discretion subject to satisfactory performance and agreement of the Cabinet Procurement Committee.
- (c) The relevant Council's standard terms and conditions of contract will be used subject to any amendments made by the Council's legal services.

- (d) The Council's Constitution further requires that all contracts in excess of £100,000 are sealed as deeds with the legal department agreeing contract terms with the client department and making the arrangements for sending out final Terms & Conditions to contractors and sealing and storage of the final contract in the deeds room.

## 2.7 Project Management

Stock control systems for managing stock and checking costs and NRT supply by advisor have been established under the trial period and these will be monitored closely with fortnightly costs calculated and logged for monthly budgeting. Comparisons can be made against previous year's stock usage to verify quantities required as per annual cycles.

The new supply method will be in GP provider contracts as variation to ensure adherence and quick take up of the new supply method. Policy for the Direct Supply of NRT has been prepared for practices to ensure best practice.

- (a) The Council's Project Manager for the procurement is Stop Smoking Service Co-Ordinator.
- (b) The Council's Senior Client Officer for the procurement is Head of PH Service - Delivery and for the management of the contract the Stop Smoking Co-Ordinator.

## 3. Implications

### 3.1 Policy

The award of this contract will progress the following key priorities within the Corporate Plan 2016/20:

- Ensuring lifelong wellbeing for all in an active, vibrant place with people living long, healthy and fulfilling lives.

This has been broken down to specify:

- Adult Health and Social Care - continuing to modernise our adult health and social care services with priority place on promoting independence, prevention, integrated working, choice and dignity through empowering service users and their Carers, reducing health inequalities and working towards a healthier MK;

The procurement also supports the aims of Milton Keynes Joint Health and Wellbeing Strategy 2015-18 which include:

- Reduced hospital admissions for children and young people
- Reduce levels of smoking through tobacco control measures and stop smoking services.
- More people able to live independently for longer with a higher quality of life

### 3.2 Resources and Risk

The current costs of this contract and any extension will continue to be met from the Public Health Budget; £180,000 has been allocated to NRT products. The Stop Smoking contract forms part of the Public Health budget which is currently provided through a ring-fenced grant and is managed within the requirements of the grant. The costs identified within this exercise can be contained within the agreed budget and it is the responsibility of the Stop Smoking Service budget manager to ensure costs are contained.

The Risk Assessment for this contract is available if requested or directly via Members access to GRACE. In summary:

- (a) The key OPPORTUNITY secured by this contract is reduced costs for commonly bought goods and improved service delivery. It is assessed that the delivery of this contract provides a HIGH likelihood that will secure the opportunity defined providing MKC with a HIGH positive Impact.
- (b) The key THREATS for this contract have been assessed as:

Risk	Likelihood/Impact	Mitigation	Impact after mitigation
Loss of business continuity during the transition to the new supply mechanism by GP staff.	LOW	The GP staff will be warned and prepared for the new supply method 1-2 months prior to starting it.	LOW

The governance measures set out in 2.7 above provide a basis to conclude that these threats, properly managed represent a LOW likelihood with a HIGH Impact.

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

### 3.3 Carbon and Energy Management

- Will be no requirement for GP staff to use paper vouchers and product supply will be logged electronically.
- Consolidation of order to reduce the number of deliveries, currently pharmacies across Milton Keynes order in product but this demand will be minimal if the council acts as the hub for GP advisor NRT.

### 3.4 Legal

Section 12 of the Social Care Act 2012 amended the NHS Act 2006 and created new public health duties for local authorities. Section 2B of the NHS Act 2006 requires the Council to take appropriate steps to improve the health of the population in its area.

This report seeks approval to award a contract following a tender process that will contribute to the improvement of health of people within Milton Keynes by reducing smoking.

The tender was advertised in compliance with procurement laws and the Council's contract procedure rules.

### 3.5 Other Implications

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

Background Papers:

Invitation to Tender – 17 January 2017

[Link to P&C - 17 January 2017](#)

**Wards Affected:**

*Monkston, Broughton, Bradwell and  
Stony Stratford.*

**ITEM 7**

**PROCUREMENT AND COMMISSIONING**

**18 APRIL 2017**

**AWARD OF CONTRACT - TO APPOINT CONSULTANTS FOR THE PRELIMINARY AND DETAILED DESIGN AND TO APPOINT THE CONSTRUCTION COMPANY FOR MONKSTON AND BRINKLOW V11 ROUNDABOUT JUNCTION IMPROVEMENTS AND V4 WATLING STREET JUNCTION 25 PEDESTRIAN UNDERPASS**

Responsible Cabinet Member: Councillor Gowans (Cabinet member for Public Realm)

Report Sponsor: Sean Rooney (Head of Highways)

Author and contact: Rebecca Trowse (Programme Manager),  
Tel: 01908 254782

**Executive Summary:**

This report is seeking approval to award the preliminary and detailed design and the construction utilising the existing Highways, Street Lighting and Network Infrastructure Term Service Contract (CU2267A) for the:

- Roundabout improvements at Monkston and Brinklow V11; and
- The underpass at Junction 25 (Whitehouse Roundabout), V4 Watling Street.

The works for Monkston and Brinklow V11 Roundabout Improvements will be designed in 2017/18 and construction completed in 2018/19.

The design and construction works for Junction 25, V4 Watling Street underpass will be completed in early 2018/19.

**1. Recommendation(s)**

- 1.1 That the works for the Design Consultant for the preliminary and detailed Design and the Task Order for the construction be awarded to the Term Service Contractor for Highways for:
- (a) Monkston and Brinklow V11 roundabout junction improvements; and
  - (b) Junction 25, V4 Watling Street pedestrian underpass.

**2. Context**

- 2.1 The works will provide for external design and construction and will affect Kents Hill and Monkston, Broughton and Milton Keynes Village, Whitehouse and Abbey Hill Parish Councils.

### 3. **Background**

#### Decision to Award

- 3.1 The purpose of the roundabout improvements at Monkston and Brinklow are to increase the capacity of the two junctions to accommodate forecast growth associated with the development of the Eastern Expansion area of Milton Keynes. The underpass at the Junction 25 (Whitehouse Roundabout) of the V4 is to meet an urgent need to provide a pedestrian crossing from the Western Expansion Area to the existing area of Milton Keynes. The preliminary design of this scheme is currently underway.
- 3.2 The Term Service Contract for Highways includes Highways, Street Lighting and other related works including bridges and other structures. The scope of the contract subject of this report will include highway service and construction related works therefore falling under the scope of the Term Service Contract. That contract commenced on 27 April 2014 and the term is for 7 years expiring on 31 March 2021 with up to a 3 year extension provision.
- 3.3 The procurement of the Term Service Contract for Highways allowed the Council flexibility to use the contractor on a non-exclusive basis for works and schemes not on the public highways and for works on public highways exceeding £1,000,000 in value. The preferred procurement route, which this report seeks approval for is considered below

#### Options

- 3.4 The following options have been considered for the procurement of the preliminary and detailed design and the construction works:

##### (a) Midland Highway Alliance (MHA)

Benchmarking has been carried out with the Midland Highway Alliance (MHA) Framework – for a single supplier (following a tender and evaluation process). The MHA framework requires MKC to obtain a quotation for required services. The cost of the service as received from the single supplier under the framework is detailed in the Exempt Papers (Annex). Although it would save time and therefore cost compared to an open tender, it would take longer than using the current Term Service Contract for Highways. It would also mean that Early Contractor Involvement to input into the design, planning and value engineering would also need to be procured separately. The MHA framework would take a % fee of the construction costs and the evaluation criteria are set within the limits of framework.

##### (b) Open Tender

Open Tender would give full market competition, however there would be an additional cost and time to prepare and evaluate tender documents. There would be an additional resource required to prepare tender documents.

##### (c) Term Service Contract for Highways- Preferred Route

The contract is capable of delivering major schemes given the robust award criteria. The Term Service Contract for Highways would allow for Early



Contractor Involvement in the design development and construction planning stage. This approach supports improved team working, innovation and planning and is now widely recognised as beneficial. The contract for design and construction would allow a single point of responsibility and is used to minimise risks for the project owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. The construction cost is known and fixed during design and gives price certainty. The construction price will be given using Target Pricing, which will put emphasis on cost control and sharing savings. If the Term Contractor is used, a share of the fixed term contractor overhead can be charged against these projects and this will reduce the cost of other capital schemes and should also result in a lower overhead than if tendered separately. There could also be cost and time savings on the other capital works programme - these could be factor in at the same time of major projects such as grid road signs, drainage and consequently this would also minimise disruption to the users of the highway. Other advantages could be:

- The use of local suppliers;
- If the project is delayed these costs could be minimised as the workforce could be deployed to other projects/jobs in the Highways Term contract;
- Resource support from the local team;
- Expertise of local knowledge;
- Local storage depot for stock;
- Shared overhead cost;
- Positive contribution on the Local overhead head under Highways Terms Contract. This would mean reduced local overheads of the Highway Contract and consequently more delivery on other small projects; and
- Other resource pool from Ringway's other local contracts.

3.5 It is for these reasons that this is the preferred route.

### 3.6 Contract Management

- (a) The Senior Client Officer for this contract is the Highway Client Service Manager. The contract adheres to the Council's Term Service Contract for Highways.
- (b) The key governance processes include: Project will be managed through the MK Approach Project Management Methodology.
  - (i) Review frequency: Regular progress meetings with the Contractor.
  - (ii) Performance measurement (including key contract performance measures) – included within the Term Service Contract for Highways
  - (iii) Retention / Financial payment profile
  - (iv) Break Clauses
  - (v) Designs will be owned by the Council.

- (vi) Escalation process - Project Manager to report escalation to Project Sponsor as and when necessary at Programme Board meetings / or earlier
- (vii) Savings – the contract will managed under the Term Service Contract for Highways including Target Pricing.
- (viii) Public Services (Social Value) Act 2012 – This is included in the Term Service Contract for Highways.

#### 4. **Implications**

##### 4.1 Policy

These works will progress the following key priority within the Council Plan 2016-20:

- Highways – the importance of our road network to the quality of life for citizens and the efficiency and productivity of our businesses.

The procurement of the Term Service Contract for Highways has complied with Contract Procedure Rules, Financial Regulations and applicable European Procurement Regulations.

##### 4.2 Resources and Risk

- (a) Total resource allocation of £6.5m has been approved in Capital programme for Monkston and Brinklow V11 roundabout junction improvements.
- (b) Total resource allocation of £3m has been approved in the Capital Programme for two pedestrian crossings on V4, J25 (Whitehouse Roundabout) and J4 (Kiln Farm Roundabout). This contract is for J25 (Whitehouse Roundabout) only.
- (c) Construction costs for Monkston and Brinklow has been anticipated through feasibility as £5,250,000 and the V4 J25 (Whitehouse Roundabout) around £1,550,000.
- (d) Benchmarking has been carried out with the preliminary and detailed design, details are contained in the Exempt Paper (Annex).
- (e) The key OPPORTUNITY secured by the Monkston and Brinklow roundabout improvement is to increase capacity of the junctions and to accommodate forecast growth associated with the development in the Eastern Expansion Area and the pedestrian crossing at J25, V4 to provide safe connections between the Western Expansion Area and the existing area of Milton Keynes. It is assessed that the delivery of this contract provides a HIGH likelihood that this will happen.

(f) The key THREATS for this contract have been assessed as:

Risk	Likelihood	Mitigation	Likelihood after mitigation
Risk of challenge from other providers	L	Procured using an existing Contract which evaluated these works as part of the evaluation process.	L
Risk of lowered costs via an open tender competition	L	Benchmarking of an existing framework and contract against the urgency to deliver both highway schemes.	L

The governance measures set out in 3.6 above provide a basis to conclude that these threats, properly managed represent a LOW likelihood of the event happening.

#### Resources and Risk Implications

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

#### 4.3 Carbon and Energy Management

Monkston and Brinklow V11 roundabout junction improvements will contribute to reducing congestion and the V4 Watling Street junction 25 pedestrian underpass will contribute to the reduction in our carbon emissions by improving pedestrian routes. The Carbon and Energy Policy will be considered within the construction specification.

#### 4.4 Legal

The terms of the Highways term services contract are the NEC3 terms. This contract commenced on 27 April 2014 for seven years (ending 31 March 2021) with an option to extend to 31 March 2024. The contract was awarded following a legally compliant procurement exercise.

The procurement included flexibility for the Council to be able to use the contract, on a non-exclusive basis, for works and schemes not on the highways and for works on public highways exceeding £1,000,000 in value. The exercise of this flexibility is still subject to the Council's governance arrangements. This report requests approval from the procurement and commissioning committee to use the highways contract for the schemes/works detailed above. Procurement and commissioning committee have authority under the Council's scheme of delegation and the Council's contract procedure rules to approve the award of contracts with an estimated

value of £100,000. The proposals are also compliant with procurement law given the flexibility that was reserved during the procurement exercise.

The schemes/works will be carried out on the same terms and conditions of the highways term service contract. The award of these detailed schemes will not lead to an excess of the value of the contract which at the time of the procurement was estimated at £200,000,000 over a term of 10 years.

#### 4.5 Other Implications

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

*Sustainability:* This will be considered in the construction specification.

*Stakeholders:* Key stakeholders will be engaged with the preliminary designs.

*Crime and Disorder:* This will be considered in the construction specification, such as with lighting in the underpass at J25 of the V4 Watling Street.

Exempt Papers:                      Benchmarking costs (Annex)