

Wards Affected:

All Wards

APPROVAL TO AWARD CONTRACT - SUPPLY OF ROCK SALT

Author: Andy Dickinson, Highways Network Co-Ordinator Tel: 01908 252379

Lead Officer : Andrew Jackman, Interim Head of Highways Tel : 01908 252513

Executive Summary:

In order to deliver the Winter Maintenance Plan for the year 2012/13 it is essential that adequate stocks of rock salt are in place for the start of the 'winter season' in late September.

Following consultation with procurement a strategy was developed in order to deliver this outcome.

The initial phase of this strategy was to seek approval to tender which was approved by this Committee on the 6th June 2012.

This further report seeks approval to award the contract for the supply of Rock Salt in accordance with the Council's Contract Procedure Rules and Financial Regulations. The specific purpose of requesting approval at this date is to ensure that stocks are delivered in advance to ensure that we are fully prepared for the forthcoming winter season.

The council is a member of the Midlands Highways Alliance (MHA) which was formed in 2007 and comprises 18 local highway authorities (including Milton Keynes) with £12m worth of tracked savings to date. The MHA is seen to be a national exemplar and the Council already uses the MHA Frameworks. One of the framework agreements is with ESPO (Eastern Shires Purchasing Organisation). Tenders have been invited via this framework for the supply of rock salt.

1. Recommendation(s)

- 1.1. That the approval is given to award the supply of Rock Salt contract for the period up to September 2013 to Bidder 1 who has scored the highest in accordance with the Most Economically Advantageous Tender (MEAT) evaluation (see table 3.3).

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 award a new contract for the Supply of Rock Salt as the current contract has expired. The contract is an essential element of the council's preparation for delivering an effective winter maintenance service which begins in late September.
- 2.3 This contract falls within the OTP work on modernising the Highways and Transport Service that was included in the Outline Business Case (OBC) for the Service considered by Cabinet on the 25th July 2012 which indicated a contract start date of October 2013. No decision as yet has been made as to whether the supply of salt should be included within any future contract that might be let for Highways & Transport.
 - 2.3.1 In order to maintain service continuity in the intervening winter prior to the contract commencement and also ensure that the salt barn is fully stocked at the contract commencement to ensure a smooth start to the 2013/14 winter season the contract period will run through to September 2013. There is the facility within the contract to extend the contract for a further year to September 2014 if required subject to the necessary approvals.
- 2.4 All costs associated with the process will be met by revenue budget allocated within 2012/13 years.
- 2.5 Through the larger buying power that MHA can achieve the rock salt procurement has achieved average savings to council's that have made use of it of 6%.
- 2.6 Tenders have been invited using the MHA rock salt supply only.

3. **Background**

3.1 Consultation and Policy

- 3.1.1 The procurement of these contracts seek 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 :

CP14 – To have an efficient transport and highways infrastructure.

CP15 – To promote sustainable movement through the borough of Milton Keynes.

3.1.2 The draft specification has been developed in partnership with the Procurement team and Interim Head of Service for Highways.

3.2 Specification

3.2.1 The MHA specification has been used which accords with best practise.

3.3 Evaluation Criteria & Panel

The MEAT evaluation criteria used for the tenders was:-

Price @ 75%

Summer restocking proposals @ 5%

Winter restocking proposals @ 15%

Delivery lead times @ 5%

3.3.1 The contract was procured using the MHA framework in conjunction with ESPO on the 5 July and their submissions were received on the 18 July

3.3.2 The submissions were evaluated by a suitably qualified and experienced panel of officers.

3.3.3 The Most Economically Advantageous Tender evaluation of the submissions resulted in the following results.

	Price	Summer Restocking proposal	Winter Restocking proposal	Delivery lead times	Total
Bidder 1	75 %	4.5 %	6 %	2 %	87.5 %
Bidder 2	57.19 %	4.5 %	6 %	5 %	72.69 %

3.4 Contract Management

3.4.1 The lead Client Officer for the contract is the Interim Head of Highways.

3.4.2 The Eastern Shires Purchasing Organisation (ESPO) standard terms and conditions will be used.

3.4.3 The contract terms provide for it ending on 01/09/2013 and include the facility for an extension of 1 year if needed.

4 Implications

4.1 Policy

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

4.2 Resources and Risk

The costs of this work will be met from the Highways Management Service Budget (Revenue). The annual value of the contract is typically £110,000 but the exact value of the works will vary from year to year dependant on weather conditions encountered during the season.

The key OPPORTUNITY secured by this contract is to uphold MKC's statutory duty under section 41, 1 (A) of the highway act 1980 to keep the highway clear of ice and snow. Additionally to reduce the number of insurance claims and minimise disruption to the highways network. 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 the Midlands Highways Alliance will potentially reduce procurement timeline to ensure that contracts are delivered on time.
- Failure to Uphold statutory duty - Delay in supply of rock salt will compromise MK Councils winter service, the councils statutory liability under the highways act may also be compromised.

The governance measures set out in executive summary above provide a basis to conclude that these threats, properly managed represent a LOW Likelihood or a LOW Impact.

N	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 enable the council to meet it's statutory obligation to keep the highway in a safe condition under the 1980 Highways Act Section 41, 1 (A)

The Contract and its procurement are compliant with Council Constitution and United Kingdom and European legislation.

4.5 Other Implications

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

Background Papers: Winter Maintenance Risk Assessment