

North Somerset Council

Report to the Executive

Date of

Meeting: 06 December 2023

Subject of Report: Establishment of the dynamic purchasing system for highway civils, structures and surface treatments

Officer/Member Presenting: Executive Member for Highways and Transport - Cllr Hannah Young

Key Decision: YES

Reason:

The value of the work to go through this DPS is valued over £500,000. This report lays out the procurement framework for awarding subsequent contracts

Recommendations

Approve the establishment and operation of the highway dynamic purchasing system for civils, structures and surface treatments detailed in this report where suppliers will be added to DPS on successful application in the Selection Questionnaire stage.

1. Summary of Report

- 1.1 The Council has a legal duty under the Highways Act 1980 to maintain its respective sections of the highway network under section 41. This includes responsibility for maintaining, managing and, where necessary, improving the network.
- 1.2 The council achieves this through a combination of reactive, cyclical, and planned works and delivers the plan with a combination of capital and revenue funding and through several different contractual arrangements.
- 1.3 At the Full Council meeting on 8 November 2022 members made the following resolution:
 - To progress the highway reactive and cyclical maintenance work package via direct contract award under Public Contract Regulations 2015 (regulation 12) exemption to North Somerset Environment Company for an initial term of 7 years commencing 1 April 2024.
 - Create two single provider frameworks for:
 - Surfacing
 - and Surface Dressing
 - **Create a Dynamic Purchasing System for 3 lots (the subject of this report) as follows:**
 - **Civils**
 - **Structures**
 - **Surface treatments**

- 1.4 Details of previous supporting decisions:
- [Commissioning Plan for the Future Highways Delivery Model](#) presented by the Executive Member for Highways and Transport at the Full Council meeting held on Tuesday 8 November 2022.
 - 22/23 DP 546 Highways procurement plan – dynamic purchasing system for civils, structures and surface treatments agreed by the Executive Member for Highways and Transport on 02 May 2023.
- 1.5 This report outlines how the dynamic purchasing system will be managed and governed once in place.
- 1.6 The estimated value of the dynamic purchasing system is c£11.9m over the 7-year period.

2. Policy

- 2.1 Under the Highways Act 1980, as the local Highway Authority, North Somerset Council has a legal duty to maintain its respective sections of the highway network under section 41. This includes responsibility for maintaining, managing and, where necessary, improving the network.
- 2.2 This is supported by the council’s corporate plan:

Aims	Priorities
A thriving and sustainable place	To be a carbon neutral council and area by 2030 A transport network that promotes active, accessible, and low carbon travel
A council which empowers and cares about people	Partnerships which enhance skills, learning and employment opportunities
An open and enabling organisation	Engage with and empower our communities. Manage our resources and invest them wisely. Embrace new and emerging technology and make the best use of our data and information. Provide professional, efficient, and effective services. Collaborate with partners to deliver the best outcomes

3. Details

- 3.1 The Dynamic Purchasing System includes three ‘lots’:
1. Civils
 - Highway Drainage
 - Smaller Improvement Schemes
 - Road Safety Schemes
 - Active Travel Schemes
 - Flood Protection
 - Potential Civils works to support street lighting contracts
 2. Surfacing treatments
 - Micro Asphalt
 - Slurry Sealing

- Preservation Treatments
- In-situ recycling
- Retexturing
- High Friction Surfacing
- Crack Sealing/ Joint infill

3. Structures

Repairs, maintenance and improvement projects to bridges, wall and other highway structures.

Future programme of work

- 3.2 The feedback obtained through market engagement has reinforced the necessity of developing a forward programme of work. This proactive approach will allow the Council to share of opportunities with contractors early on, ensuring a more collaborative approach to schemes to achieve the best outcomes and value for money.
- 3.3 Opportunities through the Dynamic Purchasing System will be advertised through the council's procurement portal - www.supplyingthesouthwest.org.uk.

Stage 1 - Joining the DPS

- 3.4 To become part of the Dynamic Purchasing System (DPS), prospective suppliers will be required to complete the Standard Selection Questionnaire (SSQ) from Gov.uk. In line with the council's commitment to due diligence and ongoing accuracy, suppliers listed within the DPS will be periodically requested to update their information as needed throughout the duration of the DPS. This ensures that the system maintains up-to-date and relevant supplier data over its lifecycle.
- 3.5 Standard Selection Questionnaires will be reviewed within 10 working days of submission, extended to 15 days in exceptional circumstances. Successful applications will be required to accepting the terms and conditions of the NEC Engineering and Construction Short Contract and be included in the DPS opportunities moving forward.
- 3.6 In alignment with the council's dedication to help smaller local businesses, those who do not initially succeed will receive constructive feedback, promoting inclusivity and growth within the local supplier community.

Stage 2 – Competition for schemes

- 3.7 Before determining the balance of quality, price, and social value ratios for a scheme, the Client and Commissioning team will first evaluate the project's value and conduct a comprehensive complexity assessment. This assessment will cover key factors such as:
- Size - measured in terms of the volume of materials required, area covered, multiple locations – the larger any of these are the more complex the project is likely to be.
 - Scope – complexity will increase depending on the involvement of different functions (structural, mechanical, electrical, etc.), the uniqueness of the design, the range of activities required, and any special considerations or requirements.

- Programme - number of project phases, the duration of each phase, critical milestones, and any time constraints. Projects with intricate scheduling requirements or significant time pressures should be considered more complex.
- Stakeholders – number and range of parties involved in the scheme as well as any historic reputational issues These will all need to be managed throughout the work.
- Risk – identifying any risks and uncertainties, such as environmental impacts, regulatory compliance, technical challenges.

3.8 **Table A** below illustrates how the complexity and budget of a scheme will be categorised to use the scoring matrix in Table B (see 3.11):

Key: PR = Procurement Route

Project complexity	Complex	PR2b	PR5	PR6
	Complicated	PR2a	PR4	PR5
	Simple	PR1	PR3	PR4
		<£100,000	£100,001 - £249,999	£250,000>
		<i>Budget for work</i>		

Stage 3 – Evaluation

3.9 **Table B** below shows the weightings for Social Value/ Quality/ Price following the assessment in Table A that each suppliers work will be determined by:

	Social Value	Quality	Price	
Project complexity	PR6	10%	45%	45%
	PR5	10%	35%	55%
	PR4	10%	25%	65%
	PR3	10%	10%	80%
	PR2b	-	30%	70%
	PR2a	-	15%	85%
	PR1	-	-	100%

Social value

3.10 In line with the Council’s policy, Social Value has been built into the DPS model. Under advisement from the Head of Procurement, the percentage of scoring towards the contract award is adjusted to fairly reflect the contract value.

- 3.11 Larger value schemes more than £100K will continue to use the TOMS model, offering contractors a large range of options to choose from. However, for more minor, lower value works TOMS would not be appropriate. Instead, the DPS will allow contractors to submit their bespoke offering to demonstrate social value, but this will not be evaluated. This approach was supported by SME's in the market engagement phases, and seen as way to encourage suppliers to include social value in their bid, rather than deter them due to a cumbersome process.

Quality submission

- 3.12 There will be six primary focus areas that quality submissions will be evaluated on:
1. Experience
 2. Method statements
 3. Communication and management
 4. Sustainability
 5. Project planning
 6. Project specific questions

Price

- 3.13 Price evaluation will follow the conventional model of the lowest scores receive 100%, with percentage variance applied to all other scores. This model establishes the baseline for assessment, where any deviations from the lowest score are represented as a percentage.

Stage 4 - Contract call-off and onward management

- 3.14 The contract authorisation will mirror the structure used in Confirm for current contract awards. This alignment aims to optimise the management of Highway Maintenance and Integrated Transport programs. The responsibility for the development, governance and delivery of these programs will be led by the new internal client and commissioning function, with oversight on project variance from the LTP Project Board. This will streamline the program management process, ensuring a more efficient and cohesive approach.
- 3.15 To support these changes, Contract training sessions have been planned for 2024. This training initiative will ensure that all officers are well-prepared to effectively manage contracts within the newly aligned framework.
- 3.16 In addition to training, a comprehensive Contract Management System will be implemented. This system will provide end-to-end oversight of contracts, from their initial conception to completion, and also facilitate the management of contract change requests. This streamlined approach will help in achieving greater efficiency and accuracy in contract management.

4. Consultation

- 4.1 Extensive work has been undertaken with industry experts, RedRay consultancy and the council's procurement team, to develop the DPS and how it will operate moving forward.
- 4.2 In May 2023 the highways service held a market engagement session with potential suppliers. This was advertised through a PIN on the council's procurement portal

and known local suppliers were contacted and encouraged to participate by the Engineers.

- 4.3 Feedback from the engagement session raised some key points that the Dynamic Purchasing System’s set-up will address:

Feedback	Action
Need for a forward plan of works so suppliers could have sight of upcoming opportunities and plan their bids for work accordingly	The new Client and Commissioning function will be closely involved with the development of the Local Transport Plan programme and Highway Asset Management Strategy with an aim to give suppliers as much foresight of upcoming works as possible.
A consistent approach on how suppliers join the DPS and importantly – how it is operated.	The DPS will be managed through the Client and Commissioning function, which will act as the primary liaison between suppliers and engineers. This will ensure a consistent approach to the DPS from the supplier perspective. Having oversight of all highway and transport works empowers this team to identify potential on-site collaborative opportunities that can lead to cost reductions and promptly address any concerns related to stakeholder conflicts within a project.
Flexibility social value weighting for smaller, bespoke suppliers	This has been factoring to the weightings balance that supplier bids will be scored against depending on the complexity of the works – see Table B – 3.9.

- 4.4 The above approach and resourcing has been discussed with relevant Heads of Service and are included in documentation being considered in the Highways Review.
- 4.5 Oversight of this project to deliver upon its objectives has been governed through:
- Highways Project Board – including senior members of the council’s leadership team
 - Executive Member for Highways and Transport monthly update briefings
 - TCC Scrutiny/ Highways and Transport Sub-committee group briefings

5. Financial Implications

Costs

- 5.1 It is anticipated that Dynamic Purchasing System will cost c£11.9m over its 7-year duration.

Funding

- 5.3 The contract spend will be funded from the Transport and Infrastructure Capital Works programme. The works programme is approved annually via a separate decision.

- 5.4 This Dynamic Purchasing System will provide the mechanism to deliver against relevant schemes identified within this programme.
- 5.5 Funding comes from a range of sources including;
- Integrated Transport Block Funding (grant funding)
 - The Pothole Fund (grant funding)
 - Highway Maintenance Block – Needs and Incentive funding (grant funding)
 - NSC Capital Funding (capital borrowing)
 - Bus Service Improvement Plan (grant fund)
- 5.6 The anticipated expenditure through the Dynamic Purchasing System will vary from year to year depending on budgets and priorities. The capital budget is approved as part of the capital strategy report and is dependant on the amount of grant funding received.
- 5.7 There is no minimum spend therefore the Dynamic Purchasing System offers flexibility to deliver schemes within our approved funding envelope.

6. Legal Powers and Implications

- 6.1 Under the Highways Act 1980, as the local Highway Authority, North Somerset Council has a legal duty to maintain its respective sections of the highway network under section 41. This includes responsibility for maintaining, managing and, where necessary, improving the network.
- 6.2 The Dynamic Purchasing System will be procured in line with Public Contract Regulations 2015. The Contract we will use will be the NEC4 Engineering and Construction Short Contract (ECSC). Suppliers joining this process will be required to sign up to the principles of this contract.
- 6.3 The procurement process will be compliant with the Public Services (Social Value Act) 2012 by ensuring it seeks additional social value during the tender process.

7. Climate Change and Environmental Implications

- 7.1 In February 2019 the Council declared a Climate Emergency and an Ecological Emergency in November 2020 and pledged to provide the leadership to enable North Somerset to become carbon neutral by 2030.
- 7.2 The largest part of the Council's carbon footprint is from what we procure. The highways contract is currently the Council's second largest contract by value and has a significant carbon footprint. Therefore, it's essential that the highways contract contributes to delivering the Council's carbon reduction target.
- 7.3 The Key objectives of this project and resulting contract can be linked to the Council's procurement strategy.
- Spending decisions that consider and minimise whole life cycle CO₂e emissions associated with the delivery of goods, works and services, recognising that in some cases this will need to be reflected in budgets.
 - Spending decisions that consider and improve the resilience of Council services and infrastructure, to the impacts of a changing climate.

- Suppliers who embrace the aims of the Council's Environmental Policy, Climate Change Strategy and Climate Emergency declaration and by doing so promote higher environmental standards between businesses and other customers.

8. Risk Management

- 8.1 There are no HIGH scoring risks, the Highways Future Service Delivery Model projects risk register is reviewed weekly and mitigations put in place. The full project risk register is available on request.
- 8.2 There is one MEDIUM risk that is being closely monitored regarding the timescales for the appointment of the Client and Commissioning function. This team is essential to mobilise the four contracts, ahead of the 1 April start to the Highways Future Service Delivery Model. This risk has been raised to Senior Leadership as part of the Highways Review project.

9. Equality Implications

Have you undertaken an Equalities Impact Assessment? Yes.

Staff equality impact summary

- 9.1 As part of this work an internal function will be created to support delivery of the capital works programme, this is estimated to be an additional 4 FTE's created and will be subject to a formal HR process.

10. Corporate Implications

- 10.1 Internal resources required for the success of the Dynamic Purchasing System were outlined and agreed in the Commissioning Plan taken to the December 2022 Full Council meeting. These included:
- Procurement resource to assess the Standard Selection Questionnaire (SSQ) that will allow suppliers to join the Dynamic Purchasing System in the first instance, followed by ongoing compliance, performance/ support management and social value delivery reporting.
 - Legal oversight of the contract awards through the NEC Engineering and Construction Short Contract. This will be underpinned by training on the contracts with the Client and Commissioning function.
 - Finance overview for full budget oversight.
- 10.2 The above resources will feed into the overall Dynamic Purchasing System management from the Client and Commissioning team function, that will retain responsibility for the governance and reporting of these contracts.

11. Options Considered

No other options have been considered. This methodology for the use of a dynamic purchasing system was approved at the Full Council in November 2022 and further supported through the Procurement plan agreed by the Executive Member of Highways and Transport on 02 May 2023.

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