

Highways Contract Re-procurement Project

Report of the Procurement Stage

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1. Introduction

- 1.1. This report details the key processes and outcomes from the procurement stage of the Highways Contract Re-Procurement Project (HCRP). This represents progression of the project to the third stage of the East Sussex Strategic Commissioning Model (the 'Do' stage) and includes preparation of the tender documents and their evaluation to identify the Preferred Bidder for the Highways and Infrastructure Services Contract 2016-23.
- 1.2. At the Cabinet meeting of 16 December 2014, the future strategy and operating model for highway services was agreed and a procurement exercise was commenced. The Director of Communities, Economy and Transport was authorised to progress the procurement stage up to contract award following formal Cabinet approval.
- 1.3. During 2015 the Project Board considered and approved the procurement strategy including the Contract Form, Terms and Conditions, Service Requirements, Evaluation Criteria including Quality/Price ratio (50/50), Key Contract Outcomes, Performance Indicators, Commercial Arrangements and Contract Term. The key contract terms and service requirements are set out later in this report.

2. The Tender Documents

2.1. The tender is set out in 7 Volumes comprised as:

- Volume 0 Instructions for Tenderers
- Volume 1 Contract Data Part 1
- Volume 2 Works Information
- Volume 3 Site Information
- Volume 4 Pricing Document
- Volume 5 Quality Submission
- Volume 6 TUPE Information
- Volume 7 Forms for Completion

2.2. Volume 0 Instructions for Tenderers

- Introduces scope and objectives of the Contract
- Sets out the tender process and its evaluation
- Does not form part of the Contract

2.3. Volume 1 Contract Data Part 1

- Standard NEC3 ECC Conditions of Contract modified using Z clauses:
 - To include Works, Professional & Term Services
 - Provide consistent terminology, approach and meaning across the 3 activities (Time, Quality & Cost)
 - New clauses specifically required to deliver the contract model we want
 - Standard public sector mandatory clauses
- No inflation mechanism included
- Seven years duration with no extension provision
- No limit of liability
- Obligations and risk transfer
- Incentive Scheme to reward the Contractor in any Service Year for achieving levels of overall performance that meet or exceed the service requirements, whilst also putting the Contractor's declared profit at risk for overall poor performance.

2.4. Volume 2 Works Information

2.4.1. The Works Information is set out as 12 Core Activities with minimum levels of service to meet policy requirements, and outcome based specifications to be delivered in accordance with industry best practice or latest guidance. It also sets out the Contractor's general obligations in providing the services and works for the contract.

2.4.2. It also sets out professional services requirements for the Contractor's design and delivery of Works Activities under target cost pricing mechanisms.

2.4.3. The Core Activities are:

Management:

- Service Management
- Stakeholder Management
- Network Management
- Third Party Claims
- Highway Asset Inspections

Cyclic:

- Drainage Maintenance
- Control of Vegetation

Safety and Serviceability:

- Road Markings
- Winter Service
- Structures Routine & General Maintenance
- Street Lighting and Traffic Signals
- Reactive and Emergency Response

2.4.4. The Core Activities and service level/outcomes are the minimum service levels required to maintain the network in a safe and usable condition. These are defined and set out in the Contract to be priced and managed by the Contractor to deliver maximum efficiency with acceptable levels of risk.

2.4.5. The Core Activities will provide the minimum level of service to ensure a safe and usable network, but will not manage asset decline or deliver the asset management plan to support future DfT funding for highway maintenance. These will be delivered under the Contract through the design and construction of planned and targeted highway maintenance works (Works Activities).

2.5. Volume 3 Site Information

2.5.1. This sets out site information about the highway network and historical information about the service area to assist understanding and pricing of the Contract.

2.6. Volume 4 Pricing Document

2.6.1. Includes the three main pricing options reflecting the three main work types:

- Core Activities priced as lump sums
- Planned works including professional services priced as target cost with pain/gain share and paid as actual cost

- Emergency works for unplanned and indeterminate works requirements paid as actual cost (cost reimbursable)

2.7. Volume 5 Quality Submission

- 2.7.1. This will incorporate the successful tenderers quality statements into the contract.

2.8. Volume 6 TUPE Information

- 2.8.1. Sets out information for staff transfer, pensions and TUPE requirements and the current terms and conditions of employment for 107 ESCC employees and approximately 150 current incumbents' staff that are eligible to be transferred to the new provider.

2.9. Volume 7 Forms for Completion

- 2.9.1. Details of forms to be returned with the tender (Form of Tender, Collusive Tendering Certificate, Construction Industry Scheme, Goods Vehicles Operator Licencing Certificate) and forms to be completed after award (Form of Agreement by Deed, Parent Company Guarantee).

3. Tender Process

- 3.1. On 23rd December 2014 a notice was placed in the Official Journal of the European Union (OJEU) inviting expressions of interest from experienced service providers. Pre-qualification questionnaires were issued to the candidates and a pre-selection process undertaken which identified six companies to tender for this work.

- 3.2. Details of the pre-qualification process were presented to the Project Board on the 14th January 2015 and the board gave approval to proceed to tender with the following six providers (the Bidders):

- Text Removed
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- Text Removed
- Text Removed
- Text Removed

- 3.3. On 5th June 2015 tender documents were issued to the Bidders with a return date of 11th September 2015.
- 3.4. During the tender period there were 587 clarification questions received from the bidders of which 528 responses were issued due to a number of duplicate clarification requests.

3.5. The Bidders' clarifications can be categorised as relating to the following:

Tender Document	Clarification Request
General Information	43
Volume 0 - Instructions for Tenderers	16
Volume 1 - Contract Data Part 1	66
Volume 2 - Works Information	192
Volume 3 - Site Information	60
Volume 4 - Pricing Document	48
Volume 6 - TUPE	152
Volume 7 - Forms for Completion	10
TOTAL	587

3.6. The majority of these were not of a significant nature and were responded to within the scope of the original issued tender documents. The number of clarifications reflects the fact that the integrated delivery model set out in the Contract presents different challenges and Bidders were therefore seeking to gain a clearer understanding of the risks being transferred to them. However, there were two areas of significant concern raised by the Bidders that required detailed consideration by ESCC and resulted in amendments to the issued documents (namely, pensions liabilities and a 3rd party claims protocol).

4. Pension Liabilities

- 4.1. The original contract drafting, as issued, placed significant pension liability risk with the Bidders which was deemed unacceptable to them, with four of the six intimating that they would not be able to continue with the bidding process if the liability remained.
- 4.2. The risk identified by the Bidders is a direct consequence of the responsibilities placed upon them by the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) Regulations. Therefore, for transferring East Sussex staff there is a requirement for the Contractor to honour their existing terms and conditions of employment, including pension provisions.
- 4.3. Additionally, in line with the most recent Government guidance, the Contract requires that the successful Contractor applies and secures an Admitted Body Status to the East Sussex Local Government Pension Scheme to enable them to continue to contribute to the LGPS for the transferring ESCC staff.
- 4.4. In the originally drafted contract, the terms and conditions placed a 100% cessation liability with the Bidders.
- 4.5. Following extensive consultation with ESCC's re-procurement, legal, finance and pensions teams a revised approach was adopted resulting in a 'pass-through' agreement of cessation liability in relation to the market related risks being drafted and incorporated into the contract terms and conditions. This brought our approach in line with common industry practice and HMEP's latest standard contract documents.
- 4.6. As part of the pass through agreement, the Employer sets the level of pension contribution to be made to the fund which is typically higher than that actually required to meet the current forecasted funding requirements. This means that the Contractor's liability is quantifiable and limited to his proper management of his fund and/or default of the service.

- 4.7. As a result of incorporating the pass through agreement the risk of withdrawal of Bidders because of pension risk was removed.

5. 3rd Party Claims Protocol

- 5.1. Coinciding with County Council changing its insurer and the latest guidance from the insurance industry there was a requirement to provide additional contract documentation in the form of a claims protocol to clearly set out the behaviours and liabilities of the parties. The Claims Protocol was issued to Bidders in recognition that there needed to be clear and concise responsibility and accountability to be able to make a fair and reasonable assessment of the Bidder's liabilities.

6. Bidder Withdrawal

6.1. Text removed.

7. Tender Return

- 7.1. On the 14th September 2015 the remaining five Bidders returned tenders via the Council's e-tendering portal.

8. The Tender Evaluation Process

- 8.1. The successful Bidder has been selected on the basis of the Most Economically Advantageous Tender in terms of technical, financial and legal evaluation criteria, in accordance with EU Directive 18(27) and Regulations (6) and (9) of the Public Contracts Regulations (2006).
- 8.2. The most economically advantageous tender was determined on a 50:50 quality/price ratio against a 2 stage, 10 part process (A–J) detailed in section 9.
- 8.3. The five tender submissions were assessed by dedicated independent quality and price evaluation panels.

9. Stage 1

9.1. Compliance Check (A)

Each submission was reviewed for completeness and to identify any areas of non-compliance by the Procurement Officer;

9.2. Quality Evaluation (B)

An evaluation of Bidders written quality submissions was undertaken against four key themes, Mandatory, Strategic, Service Delivery and Contract Management, consisting of 24 individual quality statements. Bidders were required to achieve the minimum quality threshold score of four out of ten in each and every quality statement submission in order to be considered further.

9.3. Price Evaluation (C)

An evaluation of Bidders price submissions was undertaken against three pre-determined price evaluation models, consisting of core activities, schedule of cost components, a 'basket of goods' and the application of fee.

Where required, further information was obtained from Bidders to check or clarify the pricing information provided.

Core Activities were priced as lump sums with a price included for each year of the contract to provide a single averaged annualised price. These prices are the actual price ESCC will pay for these services for the duration of the contract (unless the service requirement changes).

The schedule of cost components is a list of industry standard items typically used in highway maintenance and construction. These will form a benchmark for pricing of target cost and cost reimbursable works. They are not rates and actual cost will be paid. The basket of goods represents a typical annual volume of works from 2014/15 to provide an indicative future value compared to current prices.

The Fee includes overheads, profit and risk value as a % which the Contractor will apply to the services provided throughout the contract period.

9.4. Merging of the Quality and Financial scores (D)

Upon completion of the initial evaluations the quality and price evaluation teams met to combine the overall tender assessment scores. The process included the moderation of the individual team member quality evaluation scores to ascertain a common determination of score which was then added to the price evaluation score to give an initial overall evaluation score.

9.5. Quality Presentation (E)

Over two days, Bidders were required to attend site and provide a 45 minute presentation setting out their bid and followed by a question and answer session.

No new information was permitted by the Bidders during the presentation.

Following the Bidders' presentations, the Evaluation Panel reconsidered their marks in light of their findings at the presentation. Scores could not be increased but were lowered if the Bidder's presentation did not substantiate their quality submission.

9.6. Progress to Validation (F)

Preferred Bidders were identified following the quality presentation and final moderation of the overall combined evaluation scores.

The Preferred Bidders were identified as those with the highest combined quality and price score and any others with a combined score within five percentage points of the highest.

10. Stage 2

10.1. Validation Stage (Preferred Bidder(s) Only) (G)

This consisted of visits to Bidders' offices or other operational locations to conduct an evidence based validation exercise of the systems, processes and management arrangements proposed for the contract and as set out in their bid.

In addition, interviews were carried out with nominated Key People who will be delivering key aspects of the Service.

10.2. Validating the Quality submission (H)

The Evaluation Panel used the visits to validate the Quality Statements of the Preferred Bidder(s) to determine whether they could substantiate their proposals.

Bidders were not permitted to submit or present any further information which could supplement their bid in relation to their Quality proposals.

Scores could not be increased but were lowered if the Bidder was unable to substantiate their quality submission.

10.3. Validating the financial information (I)

The Evaluation Panel validated the tenders of the Preferred Bidders to check that the prices and costs submitted were a true and accurate representation of the likely costs to be incurred.

10.4. Preferred Bidder (Award) (J)

Following completion of the tender evaluation process ESCC will seek to award the contract to the Preferred Bidder with the highest validated overall score.

In the event that the Preferred Bidders' final scores at the completion of the evaluation are statistically equal, the contract will be awarded to the Preferred Bidder achieving the highest validated price score.

10.5. Tender Evaluation – Stage 1

The evaluation teams evaluated the tender submissions following the evaluation process stated above using the standard pre-determined scoring matrices (set out in Appendix 1). The outcomes of which are detailed below.

11. Compliance Check

- 11.1. An independent compliance check was carried out to ensure completeness of each submission to ensure that Bidders had provided all the information required within the Instructions for Tenderers and to ensure bids were compliant.
- 11.2. Of the five bids submitted, two, Bidder 2 and Bidder 4, were 100% compliant and three, Bidder 1, Bidder 3 and Bidder 6, contained qualifications as set out below.
- 11.3. Bidder 1's submission contained three qualifications each of which would require an amendment to the Contract:
 - a) the removal of the requirement for a project bank account
 - b) the introduction of clause 'X18' limit of liability
 - c) amendment to the wording of the proposed Parent Company Guarantee
- 11.4. Bidder 3's submission contained two qualifications each of which would require an amendment to the contract:
 - a) the removal of liability for 3rd party 'red' claims
 - b) the removal of 'Employer's Step Out' clause
- 11.5. Bidder 6's submission contained two qualifications each of which would require an amendment to the contract:
 - a) the removal of liability for 3rd party 'red' claims
 - b) the requirement for a grace period of 6 months before the application of the Employer's Performance and Incentive Scheme
- 11.6. In each of these cases the County Council wrote to the Bidders setting out that their qualifications meant that their bid was not compliant and would therefore not be subject to evaluation. This was because each of the qualifications would have fundamentally altered the intention of the Contract. However, each bidder was given the opportunity to remove their qualifications unconditionally.
- 11.7. Bidder 1 and Bidder 3 confirmed their unconditional removal of their qualifications and were therefore considered further in the evaluation process.
- 11.8. Bidder 6 confirmed that they were unable to remove their qualifications and therefore were excluded from any further evaluation.

12. Quality Evaluation

- 12.1. The quality evaluation panel consisted of a number of staff from the highways procurement team and where appropriate was supplemented by subject matter experts in the areas of Environment, Employment & Skills, Asset Management, Social Value and Insurance.
- 12.2. The evaluation panel scored each bid in accordance with the predetermined scoring matrix set out in (Appendix 1, Table 1) against 24 individual quality criteria grouped under the following key headings and as set out in (Appendix 1, Table 2).
- 12.3. **General;** this was a pass/fail assessment which all Bidders must comply with. It dealt with, the approach to TUPE, pension provisions and health and safety.

- 12.4. **Strategic;** this captured the Bidders' vision and overview to match the County Councils objectives and requirements for the service.
- 12.5. **Service Delivery;** this captured the general and more specific areas of the services to be delivered and described the Bidders approach to the service delivery specifics such as winter maintenance, mobilisation and emergency response.
- 12.6. **Contract Management;** this described how the Bidders would organise themselves to deliver the service, provide the right people to prove their competencies and capability, including for their approach to performance management, continuous improvements, project management, cost and quality control and asset management.
- 12.7. For each of the 24 assessment criterion the Bidders were required to score a minimum of four out of ten. Failure to achieve a minimum score of 4 would have resulted in exclusion from the evaluation process.
- 12.8. Upon completion, by the individual quality evaluation team members, of the quality evaluation for each of the four compliant bids the team came together to moderate and reach a consensus of the scores to be carried forward as the initial quality evaluation scores.
- 12.9. The following table shows the key heading scores and overall initial quality scores for each of the Bidders following moderation.

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Mandatory	Pass	Pass	Pass	Pass
Strategic	15	15.6	11.6	14.2
Service Delivery	26.4	30	28.8	28.8
Contract Management	25.0	29.4	27.4	25.2
Initial Quality Score	66%	75%	68%	68%

13. Price Evaluation

- 13.1. The price evaluation panel consisted of a number of staff from the highways re-procurement team.
- 13.2. The price evaluation panel scored each bid in accordance with the predetermined methodology for each assessment model as set out in Appendix 1 against 17 individual price criteria grouped under the following models (Appendix 1, Table 3).

Model 1 – Core Activities
 Model 2 – Cost Components
 Model 3 – Basket of goods

- 13.3. The following table shows the model price scores and initial overall price scores for each of the Bidders.

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Model 1	32.4	31.4	16.8	37.0
Model 2	13.5	16.2	14.2	16.8
Model 3	11.7	16.1	12.0	18.3
Initial Price Score	58%	64%	43%	72%

14. Combining Quality and Price

- 14.1. The initial tender evaluation was determined following the application of a 50:50 weighting of quality and price as set out in the table below.

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Initial Quality Score	66	75	68	68
Initial Price Score	58	64	43	72
Initial Overall Score	62%	70%	56%	70%

15. Quality Presentations

- 15.1. Each Bidder gave a 45 minute presentation to the combined evaluation panels which enabled them to articulate their bids. This was followed by the evaluation panel seeking clarification on aspects of the bids through a number of predetermined questions.
- 15.2. Following the presentation and question and answer sessions the evaluation panels met to determine whether any adjustment was required to the scores.
- 15.3. Adjustment to the scores were made to the initial individual scores for each criteria. As no new information was allowed, scores could only be adjusted down if the Bidders presentation did not substantiate their bid and/or sufficient clarity was not provided in response to the questions.
- 15.4. Following the presentations each of the bidders scores were adjusted in the following ways:

Bidder 1

Network Management (Section 13) - from the initial evaluation they were awarded a score of 6 although the team had some reservation of the graphical representation of the delegation of the Network Manager role. During the presentation Bidder 1 confirmed their position to substantiate their written submission and during the questioning they reinforced their quality submission and presentation. Unfortunately, they had misunderstood the requirements of the works information and as a consequence were deducted two marks from their initial score.

Bidder 2

Sustainability (Section 9) - from the initial evaluation they were awarded a score of 9. During the presentation it became apparent that the provision of a recycling facility for the contract was not as well progressed as implied within the quality statement. Following a question, it was confirmed that the recycling facility was a proposal and at this time had not progressed any further and as a consequence were deducted two marks from their initial score.

Bidder 3

Organisation Structure and Contract Governance (Section 8) - from the initial evaluation they were awarded a score of 7 although the team had some reservation of the graphical representation of the contract governance. During the presentation and following question, Bidder 3 confirmed the intent of a two tier Contract Governance structure as presented in their quality submission. Unfortunately, they had not fully interpreted the requirements of the Works Information and as a consequence were deducted one mark from their initial score.

Bidder 4

Asset Maintenance (Section 11) - from the initial evaluation they were awarded a score of 7 although the team had some reservation as to their approach to the rectification of defect classified as category 2 & 3. The Bidder's presentation and response to questions did not fully satisfy the panel that a full understanding of the Works Information requirements was evident and as a consequence were deducted one mark from their initial score.

- 15.5. The tables below show the final stage 1 quality evaluation scores and combined stage 1 score.

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Mandatory	Pass	Pass	Pass	Pass
Strategic	15	15.2	11	14.2
Service Delivery	25.6	30	28.8	27.6
Contract Management	25	29.4	27.4	25.2
Stage 1 (After Presentation) Quality Score	66%	75%	67%	67%
<i>Initial Quality Score (Pre Presentation Adjustment)</i>	66%	75%	68%	68%

Stage 1 Quality Score

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Stage 1 Quality Score	66	75	67	67
Stage 1 Price Score	58	64	43	72
Stage 1 (F) Overall Score	62%	70%	55%	70%

Stage 1 Combined Quality and Price Score

16. Progression to Validation

- 16.1. Following the final moderation of the Bidder's scores by the evaluation panels, Bidder 2 (70%) and Bidder 4 (70%) having obtained the joint highest score, were invited to proceed to stage two evaluation as Preferred Bidders.
- 16.2. Bidder 1 (62%) and Bidder 3 (55%) failed to obtain scores within five percent of the highest overall score and were therefore not invited to proceed to stage two.
- 16.3. All Bidders were notified of their standing at the end of stage one on the 5th October 2015.

17. Tender Evaluation - Stage 2

- 17.1. Bidder 2 and Bidder 4 were each sent an individual validation information pack on the 6th October 2015, unique to their submission.
- 17.2. Both Bidders were offered up to two days at a location of their choosing to show case their proposal, through the demonstration and evidencing of the requirements requested in the information pack.
- 17.3. The information packs consisted of three key areas, Key People interviews, Quality Statement demonstration, Financial substantiation and validation
- 17.4. Bidder 2 proposed their Herefordshire public realm contract as a reference site, which was attended by the evaluation panels during the 15th and 16th October 2015, where key people interviews, quality and price validations were undertaken.
- 17.5. Bidder 4 proposed their Area 7, Highways England Managing Agent Contract (MAC) in Nottingham as a reference site, which was attended by the evaluation panels during the 12th and 13th October 2015, where key people interviews, quality and price validations were undertaken.

18. Validation Stage (Preferred Bidder(s) Only)

- 18.1. Interviews were undertaken with the Bidder's nominated Key People identified within their submission, these included the proposed, Contract Manager, Commercial Manager, Operations Manager and Customer and Stakeholder Manager.
- 18.2. Each of the nominated Key People were interviewed against a set of predetermined questions, prepared by the evaluation panel to explore the individual knowledge, understanding and commitment to deliver the service requirements as set out in the tender documents and their submission.

Bidder 2

The interviews demonstrated that the key people proposed by Bidder 2 were part of a committed and knowledgeable team, led by an enthusiastic Contract Manager, that would be able to introduce a progressive step change and deliver the long term improvements and benefits required by East Sussex.

Bidder 4

The nominated key people interviews demonstrated that the key people proposed by Bidder 4 are a vibrant, enthusiastic and knowledgeable team that will introduce a progressive step change and deliver the long term improvements and benefits required by East Sussex.

19. Key People Interview Summary

- 19.1. The evaluation team concluded that both teams displayed good knowledge and understanding of the contract requirements, the challenges faced by the Authority and potential opportunities to further help the Authority deliver against its wider service and corporate objectives and as such had no issues with the abilities or resourcing commitment from either of the bidders.

20. Validating the Quality Submission

20.1. Bidder 2 - Quality Statement Demonstration

- 20.1.1. The showcase site was selected by Bidder 2 as one which best aligned to the contract requirements set out by East Sussex within the tender documents, i.e. rural county, total service responsibility and similar long term objectives.
- 20.1.2. Throughout the validation visits, Bidder 2 showcased key aspects of their bid based upon the requirements set out in the validation information packs, enabling the evaluation panels to satisfy themselves that the proposal set out within the bids was a true reflection of their ability to deliver the objectives of the Contract.
- 20.1.3. Bidder 2 focused on the cultural change journey they are on with their current client **text removed**, setting out how they had achieved an, open culture of honesty and trust between the parties. This was evidenced through providing access during the visit to members (leader of the Council and Cabinet member for Highways) and supply chain representatives.
- 20.1.4. Right People for the Right Role, this was particularly evidenced through the approach taken in the recruitment of their **text removed** stewards whereby there was recognition that the technical side of the role could be learnt, but people skills were the key requirement to be successful in this role. The purpose of having the 'Right People for the Right role' has enabled the contract management team to engender, ownership, responsibility and accountability throughout their respective service delivery teams.
- 20.1.5. This aspect was particularly evident in the **text removed** steward met by the evaluation panel, not a technical highway person but someone able to clearly demonstrate the attitude and aptitude required to be successful in the role including how they had taken total ownership, responsibility and accountability for issues within their patch. This had been aided by having the correct systems and information available by enabling remote working i.e. **Text removed** providing up to date, timely and accurate information.

- 20.1.6. Visual Management – A simple but visual approach to the monitoring and management of service/project delivery. Provides an instant appreciation to all staff and operatives, on the status of delivery, key risks and mitigation, achievements and opportunities. This was demonstrated by members of the team from both the professional services and operational delivery aspects of the contract. This was viewed by the evaluation panels as a very efficient way of getting the message to the wider staff and workforce.
- 20.1.7. System and integration – Based upon the requirements of the show case contract, Bidder 2 were not able to fully demonstrate the systems and system integrating proposed for East Sussex. However, as the **text removed** contract is maturing a number of proposals similar to that proposed for the East Sussex contract are now being implemented to improve integration, visibility and reliability of information. This included for a much wider introduction of a single integrated system **Text removed** across the contract which is proposed for East Sussex. Due to the limitations of the showcase contract the systems were not as developed as set out within the bid, however, reference was made to where systems proposed to East Sussex have been successfully deployed on other contracts **text removed**. However, it should be noted that members of the evaluation panels have previously visited the **text removed** contract, where **text removed** (a tried and tested industry system) is utilised across the contract and the evaluation team are therefore satisfied that the proposal made within the submission are achievable.

20.2. Bidder 4 - Quality Statement Demonstration

- 20.2.1. This showcase site was selected by Bidder 4 as one which best enabled them to demonstrate how they have delivered, Cultural Alignment, Systems and System Integration and Service Delivery. Bidder 4 do not currently operate a typical Local Authority Highway Contract and as such were unable to propose a site more aligned to East Sussex.
- 20.2.2. Throughout the validation visits, Bidder 4 showcased key aspects of their bid based upon the requirements set out in the validation information packs, enabling the evaluation panels to satisfy themselves that the proposal set out within the bids was a true reflection of their ability to deliver the objectives of the Contract.
- 20.2.3. Cultural Alignment – The contract is delivered through a **text removed** organisations. Throughout the visit the evaluation panels were unable to make distinction between the individual organisations and it was evident that there was a 'one team' approach. This is of particular importance to East Sussex as the new contract arrangement requires the integration of four organisations, and its success will depend on the successful integration of the individuals as one team.
- 20.2.4. Systems and System Integration – The Bidder 4 system proposals provides for a bespoke, innovative approach whereby they are proposing to bring best in class systems to East Sussex branded as **text removed**. This was particularly demonstrated by their proposed customer relationship management system **text removed** a fully integrated best-in-class solution. The **text removed** approach enables the bringing together, into a single portal, the required information to be able to fully understand the status of service delivery.

- 20.2.5. Visual Management – A simple but visual approach to the monitoring and management of service/project delivery. Provides an instant appreciation to all staff and operatives, on the status of delivery, key risks and mitigation, achievements and opportunities. This was observed in practice by the evaluation panel during an office tour. This was viewed by the evaluation panels as a very efficient way of getting the message to the wider staff and workforce.
- 20.2.6. Asset Management – As the provider of choice to **text removed** in the development of a standard toolkit for asset management, Bidder 4 were able to demonstrate an advance knowledge in this area, highlighting a number of opportunities and advantages that they could bring to the service delivery in East Sussex.

21. Quality Validation Summary

- 21.1. The evaluation team concluded that both Bidders demonstrated good systems, processes and management arrangements that supported the proposals set out in their quality submissions and that these would support the delivery of the contract requirements with potential to further help the Authority deliver against its wider service and corporate objective and as such had no issues with the abilities or resources proposed by either of the Bidders.

22. Validating the Financial Information

22.1. Bidder 2

- 22.1.1. The evaluation team met with representatives from Bidder 2's commercial bid team to ensure that submitted rates and prices were a true and accurate representation of the likely costs to be incurred and to gain some surety of the financial sustainability of their bid.
- 22.1.2. An open and honest approach was demonstrated by the Bidder 2 team with substantial additional pricing information being provided to validate the prices in their bid. Prices were built up through a fully transparent process tracking costs from base labour, equipment and materials costs through to the final price for delivery.
- 22.1.3. Base pricing has been developed within their standard estimating system however due to the nature and requirements of this tender the base pricing has then been exported to excel to enable the application of discount factors which have been generated from forecast income i.e. Network management, these costs have been offset by the forecast income and offered at a zero cost with the remainder of forecast income spread across the remaining core activities providing a discount to the lump sum prices.
- 22.1.4. Bidder 2 have adopted a pricing strategy whereby 100% of all generated income through levied fees and charges etc. are used to reduce the cost of the fixed price services in their bid.

- 22.1.5. The Bidder 2 bid contained significant mobilisation costs of text removed. These were fully demonstrated and substantiated through the validation and included for text removed of people costs, text removed of risk and text removed of facility improvements. This approach is not unacceptable but implies a conservative approach to contract delivery.

22.2. Bidder 4

- 22.2.1. The evaluation team met with representatives from Bidder 4's commercial bid team (which incorporated members of the proposed management team) to ensure that submitted prices were a true and accurate representation of the likely costs to be incurred and to gain some surety of the financial sustainability of their bid.
- 22.2.2. Bidder 4 provided an open and honest approach and transparent walk through of their pricing methodology. Prices were built up through a fully transparent process tracking costs from base labour, equipment and materials costs through to the final price for delivery.
- 22.2.3. Bidder 4 also developed their base pricing within their standard estimating system and due to the nature and requirements of this tender they have further refined their price offer by the application of discount factors which have been generated from forecast income i.e. Network management, these costs have been offset by the forecast income and offered at a zero cost the remainder of forecast income has then been spread across the remaining core activities providing a discount to the estimated costs.
- 22.2.4. Bidder 4 have also adopted a pricing strategy whereby 100% of all generated income through levied fees and charges etc. that are generated within the scope of the contract has been used to discount their core activity price offer. In addition income generated from other works within East Sussex e.g. opportunities within the OJEU scope to provide services to other departments and other authorities, has been used to discount their total price offer through the reduction in their contracted fee percentage.

23. Financial Validation Summary

- 23.1. Both Bidders gave confidence to the price evaluation panel that the prices provided within their offers could be substantiated including from price development to payment. This was evidenced from the information provided and systems interrogation.
- 23.2. Both approaches complimented the approach taken by the Council in including the services it did in the contract and reflected in its price evaluation model i.e. seven year fixed pricing for core activities, delegation of income generating functions (Network Management) and an annualised approach to capital works delivery to maximise efficiencies. The Bidders have in essence used the same approach in the development of their prices giving confidence that prices are a true reflection of the costs that will be incurred.
- 23.3. The evaluation team have no residual concerns relating to the submitted prices from the two preferred bidders.

24. Preferred Bidder (Award)

24.1. During Stage 2, the evaluation panels satisfied themselves that the bidders submissions, for both quality and price have been substantiated and demonstrated by the bidder and as such there has been no adjustment made to the overall evaluation score awarded at the end of stage one.

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Initial Overall Score	62%	70%	56%	70%
Stage 1 (Presentation) Overall Score	62%	70%	55%	70%
Stage 2(Validation) Score	N/A	70%	N/A	70%
Final Overall Score	N/A	70%	N/A	70%
Validated Price Score	N/A	64%	N/A	72%

24.2. Having completed the evaluation process, Bidder 2 and Bidder 4 have obtained an identical overall evaluation score of 70 points each.

24.3. However, in accordance with the requirements set out in Part J of the evaluation process Bidder 4 achieved the highest validated price score and Bidder 4 is therefore recommended to be awarded the Highways Infrastructure Services Contract 2016-23. A synopsis of their submission and offer is set out in Part 2 including a risks and opportunities assessment.

25. Awarding the Contract to Bidder 4

25.1 Service and Value

25.1.1 The prices and service delivery proposals tendered by Bidder 4 will meet the cost and service requirements anticipated for the future highway service included in the Contract and recommended in the Detailed Business Case summarised as follows:

25.1.2 Value for Money

- It will provide the required £1.1 reduction in revenue costs going forward for highway services set out in the medium term financial plan.
- It will provide better cost certainty for the Core Activities via annualised lump sums with no inflation, and targeted performance to ensure services are delivered on time and meet our immediate need for a safe and usable network.
- The authority will pay actual cost for the design and delivery of planned (and emergency) Works Activities plus a known fixed fee with the benefit of transparency of prices and systems to demonstrate value for money.
- There is the opportunity to deliver greater value from planned works using an incentivised the target cost approach with indicative tender prices suggesting up to 18% of additional value could be achieved through the life of the Contract to support ambitions to invest in the network and improve condition.

25.1.3 Best network condition for investment

- This approach, combined with the benefit of the abilities as a market leader in asset management and our own expertise will provide value for money solutions and a real ability to actively target the asset need and have the best network condition for the investment available.

25.1.4 Improved customer satisfaction

- It will introduce new technologies to enable staff to work smarter using that technology to manage service requirements from beginning to end while at the same time providing stakeholders with the information they need.

25.1.5 Reduce Third Party Claims

- It will support a safe and reliable network by enabling an experienced contractor with a record of claims management to proactively manage the network issues and reduce the potential for damage or injury to users.

25.1.6 Promote economic growth and local engagement

- It will bring a demonstrable approach to collaborative working with suppliers and a genuine one team approach to service delivery with a real commitment to invest 10% of any bonus share with our communities to enable them to support themselves.

25.2 Risks and Opportunities

The award of this contract to the recommended Contractor presents a number of risks and opportunities that are summarised and set out in the table below:

Strategic Risks	Opportunities
<ul style="list-style-type: none">• Challenge from unsuccessful bidders or others to the process• Bidder 4 text removed• Insufficient asset information to enable strategic investment plans to be developed and implemented.	<ul style="list-style-type: none">• Robust and well documented procurement process.• Text removed, Bidder 4 will be determined to succeed and will be looking to use East Sussex as their exemplar delivery model in the sector. Maximising the flexibility available within our OJEU notice to gain access to the wider local authority market.• East Sussex will gain reputational and financial benefit from Bidder 4 success.• East Sussex will be seen as the delivery model exemplar in our sector.• Bidder 4 are a market leader in asset management and as such

<ul style="list-style-type: none"> • Efficiencies not re-invested with focus on removing further savings resulting in earlier network condition decline. 	<p>bring extensive knowledge, experience and systems which will enhance our own asset management team resulting in more informed decision making which will unlock the potential of securing additional external funding.</p> <ul style="list-style-type: none"> • Early transition to a Strategic Client. • The Contractor would be in a position to target data and information strategies to ensure there was a focus the correct information gathering. With a total end-to-end management of service delivery, we can expect further service efficiencies to be delivered. • Advance payment, flexibility of pricing approach and actual costs to deliver value for money.
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Operational Risk	Mitigation
<p>Mobilisation</p> <ul style="list-style-type: none"> • Contract Not Signed • Can't secure Plant, Labour, Suppliers etc. Outgoing contractor (frustrates handover) 	<ul style="list-style-type: none"> • As early engagement as possible.
<p>Service Delivery</p> <ul style="list-style-type: none"> • Insufficient funding for 'legacy' works • Funding required for first month of service for 2016/17 from incumbent and proportion of cost (different payment mechanism) • Perception (Members not satisfied with Service) • Contract doesn't deliver • Financially unsustainable (contract) 	<ul style="list-style-type: none"> • Manage legacy works reservoir and ensure sufficient budget available • Communication, training and engagement as early possible. • Robust tender evaluation. Well managed Contract with fully resourced client contract team.

25.3 Future Service Value and Savings

25.3.1 The pricing model evaluated the tender prices enabling a comparison of each Bidders prices. This did not provide a comparison of future service cost against current cost.

25.3.2 A separate model was developed for this purpose because the new Contract only provides an actual price for part of the service required, namely the Core Activities priced as lump sums. However, delivery of the Core Activities alone would not provide the level of service currently required or expected by the Authority, Members or the public.

25.3.3 A service cost comparison model was developed to compare current service costs with future service costs, (Future Service Cost Model - Appendix 3). This model includes all staff, works and service costs based on existing salaries, employment overheads and works costs based on existing contract rates and prices. These prices were inflated to cover the period of the contract in order to be able to compare with the tendered prices on a like-for-like basis.

25.3.4 Total revenue costs were included in the model with future client costs and annual asset depreciation costs. When Bidder 4's tendered price for the Core Activities are included in the Future Service Cost Model the future revenue cost for the same level of service is reduced offering a saving of £1,404,455 when compared to current costs. The results from Appendix 3 are summarised in the table below.

Summary of Future Service Value and Savings				
Current Service Value	A	Gross Current Revenue Cost with inflation		£30,797,755
New Service Value	B	Gross New Revenue Cost		£29,393,300
	C	Total gross revenue saving from procurement (A-B)		£1,404,455
	D	Savings included in the MTFP		£1,100,000
	E	Additional Saving Difference (C-D)		£304,455

25.3.5 Setting aside the saving included in the Medium Term Financial Plan required from the procurement process a further saving of £304,455 will be achieved from the process.

25.3.6 It is proposed to retain this additional saving in year 1 of the Contract to manage and offset the costs of any legacy works or issues that may be carried forward from the existing arrangements. However, this could provide a further revenue saving in 2017/18.

Appendix 1 - Tender Evaluation Scoring Matrices

Table 1 - Quality Scoring Matrix

Proposed Approach	How well does the proposed approach demonstrate an understanding of the project objectives and address the main management and technical risks relating to the project?	Score
Unacceptable	The response fails to demonstrate an any understanding of the project objectives	0
Weak	The response demonstrates only a weak understanding of the project objectives and legal requirements (where relevant)	1 – 3
Adequate	The response demonstrates an adequate understanding of the project objectives and legal requirements (where relevant) to an acceptable standard but is unlikely to provide continuous improvement over the life of the project	4 – 6
Good	The response demonstrates a good understanding of the project objectives and legal requirements (where relevant). It deals fully with meeting the required level of service and is likely to provide continuous improvement over the life of the project	7 – 9
Excellent	The response has been tailored specifically to suit the project objectives and legal requirements (where relevant), uses innovative approaches, and is highly likely to maximise performance and deliver continuous improvement	10

Table 2 - Quality Statement Scoring Matrix

Quality Statement Heading		Section Weighting	Question Weighting	Question Score	Weighted Question Score	Weighted Section Score
	General	N/A				
1	TUPE		Passed (Yes / No)			
2	Pension		Passed (Yes / No)			
3	Code of Practice on Workforce		Passed (Yes / No)			
4	CDM Functions		Passed (Yes / No)			
	Strategic	0.2				
5	Vision & Overview		10			
6	Ability to Deliver		10			
7	Culture		20			
8	Organisation Structure & Contract Governance		30			
9	Sustainability		10			
10	Social Value		20			
	<i>Section Score</i>					
	<i>Weighted Section Score</i>					
	Service Delivery	0.4				
11	Asset Maintenance		20			
12	Winter Maintenance		10			
13	Network Management		10			
14	Stakeholder Management		20			
15	Third Party Claims		10			
16	Professional Services		10			
17	Cyclic Works		20			
	<i>Section Score</i>					
	<i>Weighted Section Score</i>					
	Contract Management	0.4				
18	Mobilisation		10			
19	Delivery of the Employers Service Requirement Plan		15			
20	Project Management & Cost Control		20			
21	Procurement,		15			

	Supply Chain Management & local SMEs					
22	Quality Management System (QMS)		10			
23	Performance Management & Continuous Improvement		20			
24	Asset Management		10			
	Section Score					
	Weighted Section Score					
	Sum of Weighted Section Scores					
	Total Quality Score					(A)
	Carry forward to overall evaluation score					

Table 3 - Price Assessment Scoring Matrix

Assessment	Assessment Weighting	Assessment Weighting	Assessment Score	Weighted Assessment Score	Weighted Model Score
Price Assessment Model 1 Core activity	0.6				
Service Management		15			
Stakeholder Management		8			
Network Management		6			
Third Party Claims		6			
Highway Asset Inspections		7			
Drainage Maintenance		7			
Control of Vegetation		7			
Road Markings		6			
Winter Service		13			
Structures Routine & General Maintenance		6			
Street Lighting and Traffic Signals		6			
Reactive and Emergency Response		13			
Model Score					
Weighted Model Score					
Price Assessment Model 2 Cost Components	0.2				
Equipment		15			
Labour		25			
Materials		45			
Fee		15			
Model Score					
Weighted Model Score					
Price Assessment Model 3 Basket of Goods	0.2				
Sum of Spend Areas		40			
Fee		60			
Model Score					
Weighted Model Score					
Sum of Model Score					
Total Price Score					(B)
Carry forward to overall evaluation score					

Appendix 2 - Summary of Bidder 4's Bid

Part 1 - Quality

1. MANDATORY

1.1. *TUPE & Pensions*

- 1.2. Bidder 4 have evidenced experience of the management of TUPE transfers and have confirmed their compliance with the legislation. They have confirmed that they will honour the transferring staff's terms and conditions of employment including for any existing pension arrangements of particular note that they will be seeking admitted body status within the East Sussex Pension Fund. Bidder 4 have also confirmed that any new joiners will be offered appropriate pension provision including employer contribution schemes and/or salary sacrifice.
- 1.3. Bidder 4 have undertaken to establish a TUPE and Pensions working group during the mobilisation to ensure that all transferring staff are provided with as much information as possible.

2. STRATEGIC

2.1. *Vision and Overview*

- 2.1.1. Bidder 4's submission clearly evidences that they have understood both the Contract and the Council's objectives and have aligned their proposal accordingly. Bidder 4's vision for working in this sector is to have fewer, but longer term, relationships with clients. This has been evidenced through their commitment to this bid over the last two years, including their support in the soft market testing. Over this period they have only committed to bidding **text removed** contracts of this nature.
- 2.1.2. Bidder 4 are bringing a different approach to East Sussex, with delivery being outcome led and focussed on providing high end customer service, best practice systems from across highways and other industries, a collaborative culture and a commitment to the prosperity of the local economy.
- 2.1.3. Bidder 4 have recognised the Council's ambition to transform to a strategic commissioning authority within the term of the Contract and have committed to working with ESCC to achieve this objective. This is evidenced through their commitment to continuous improvement and proposal of a mid-term Contract refresh to ensure a continued focus on the service outcomes.

2.2. *Ability to Deliver*

- 2.2.1. Bidder 4's submission has demonstrated an understanding of the Council's requirements and evidences how similar objectives have been delivered through other contracts.
- 2.2.2. Bidder 4 will be bringing tried and tested methodologies from Highways England and other major infrastructure projects including asset management, right solution at the right time and in the right place (whole life costing), whilst maintaining a customer centred focus on service delivery through understanding customer needs and providing a safe and secure highway network.

2.3. Culture

2.3.1. Bidder 4 bring a customer centred collaborative culture. They aspire to be viewed as 'One Team, One Council' and will embed these behaviours during the mobilisation phase through strong leadership, training, clear and concise processes and performance measures.

2.3.2. Their culture is underpinned by their four core values;

- Text removed
- Text removed
- Text removed
- Text removed

2.4. Social Value

2.4.1. The submission is viewed as being very strong in this area and in many aspects exceeds the requirements of the Contract, in particular a commitment to bringing a social value champion to work with a range of East Sussex departments and services to ensure that the most effective and efficient access is gained to the appropriate priority groups e.g. looked after children, giving maximum opportunity to develop effective employment and skills programmes, including placements and apprenticeships.

2.4.2. The following table highlights their commitment to employment and skills over the first four years of the contract.

Bidder 4 - Employment and skill activity table:

ESDP Category	Year 1	Year 2	Year 3	Year 4	Totals	Cross-check		ESDP output value
						ESDP output measure		
Worklessness / new entrants								
Apprentices (FTE)	6	6	6	6	24	1	FTE	24
Job starts (FTE)	1	1	1	1	4	1	FTE	4
Graduates (FTE)	4	4	4	4	16	1	FTE	16
Traineeships/work experience								
Traineeships (days)	400	400	400	400	1600	200	days	8
Work experience (days)	20	20	40	40	120	40	days	3
Workforce skills								
Adult apprentices (FTE)	2	2	2	2	8	1	FTE	8
Technical training (FTE)	5	5	5	5	20	1	FTE	20
Workforce skills (days)	340	280	200	180	1000	20	days	50
School engagement								
Careers advice and guidance (days)	40	40	40	40	160	20	days	7
Social value (skills)								
Project sponsorship	15000	25000	30000	32500	102500	5064	£	20
Aggregated annual revenue spend	20	20	20	20	80			160

- 2.4.3. Bidder 4's commitment to social value stretches beyond employment and skills and through their community benefits plan reaches the wider community of East Sussex. They are committed to keep spend local through the appointment of suppliers (SME's) from within East Sussex, working with local educational establishments providing work placements and to building relationships with the local community. They specifically commit to community initiatives including allowing each member of staff up to 2 citizenship days per year to undertake voluntary work to support the community and will provide support to at least 10 community events per annum free of charge i.e. providing traffic management. Bidder 4 will also promote self-help within the community by providing access to appropriate resources.
- 2.4.4. Social value is embedded within Bidder 4's culture and extends through their supply chain. Their commitment to social value is illustrated through their organisational structure proposed for this Contract, where responsibility resides with the customer director who is supported by a social value champion.

3. SERVICE DELIVERY

3.1. Asset Management (Condition Maintenance and Network Safety)

- 3.1.1. Bidder 4's asset management approach enables them to bring best practice and proven technology to the delivery of the service. They will be adopting a risk based approach to both the identification and rectification of safety defects therefore ensuring value for money is achieved through doing the right thing at the right time.
- 3.1.2. Bidder 4 will be introducing integrated systems and mobile technology, including **text remove** and **text removed** to manage customer relationship and ensuring timely and accurate information, ensuring that all staff have visibility of actions on the highway network. This will greatly enhance the role of the Highway Stewards and the customer centre as they will be able to provide real-time updates and information to stakeholders.
- 3.1.3. A further enhancement to the role of the Stewards is to provide them with the skills and tools to operate a find and fix approach to safety defects which has the potential to reduce liabilities on the network i.e. Stewards will be able to undertake simple safety repairs that would otherwise need to be allocated to a maintenance gang.
- 3.1.4. To help develop the Highway Stewards role they have allowed for one of the maintenance gangs to become a dedicated find and fix inspection team. This will provide a succession route for operatives to become highway stewards.
- 3.1.5. Bidder 4 will be introducing a 'Pride in Patch' approach to total network maintenance whereby operational managers and supervisors will be able to efficiently and effectively plan operational delivery with total visibility of all aspects being carried out on the network e.g. by using their risk-based approach they would not carry out a minor maintenance repair if an improvement scheme was planned at the same location.

- 3.1.6. Bidder 4 will be providing accurate and timely information through their customer contact centre which will be available 24 hours a day, 7 days a week. Key information will also be available to stakeholders via the Contract website.
- 3.1.7. Bidder 4 will bring a mature, tried and tested approach to the collection, collation and interpretation of asset data, which will be used as information in the determination of appropriate maintenance and improvement strategies. They have demonstrated their maturity within current contract arrangements and as such are seen by **text removed** as the provider of choice in the development of a standard set of tools for asset management across the whole strategic network of the UK. They will bring innovation and learning from these contracts to East Sussex through the use of latest technology e.g. LiDAR which will ensure that Bidder 4 will be able to assist the Authority in the efficient collection of asset data, giving greater scope and opportunity to prioritise future work requirements.

3.2. Winter Service

- 3.2.1. Bidder 4 will be utilising tried and tested techniques to ensure the successful delivery of the service. Through the introduction of pre-wetted salt and route based decision making they have further optimised the treatment routes resulting in a reduction in cost for this service.
- 3.2.2. All vehicles will be fitted with GPS tracking equipment to allow full visibility of the activity to stakeholders.
- 3.2.3. In the event of severe weather where normal activities are disrupted resources will be deployed to support the wider community i.e. clearing of snow from paths for vulnerable users. Additionally, they will help the community to help themselves by ensuring that they have accurate and timely information, that grit bins are full and through effective management of the Community Snow Plough Scheme.

3.3. Network Management

- 3.3.1. Bidder 4 brings excellent knowledge of the East Sussex permitting scheme **text remove**
- 3.3.2. Bidder 4 will bring an approach of using a single master programme, to co-ordinate all works on the network. The master programme will be made available to utility companies, therefore reducing the number of abortive requests for road space permits. They will also liaise with the wider County, Borough and District Councils to ensure that where possible, work space is shared to provide for a reduction in road space occupation, thereby minimising disruption to stakeholders.

3.4. Stakeholder Management

- 3.4.1. Bidder 4 place the customer at the centre of their delivery proposal and will establish a Customer Contact Centre. The successful delivery will be underpinned with a best in class Customer Relationship Management (CRM) system (Salesforce) which will ensure timely and accurate information.
- 3.4.2. Bidder 4 will bring a communication specialist **text removed** to analyse customer contacts, understand their context and how best to communicate information.
- 3.4.3. Through the use of the CRM system Bidder 4 will seek to maximise all possible communication channels with stakeholders, including social media.
- 3.4.4. Bidder 4 will provide information, online forms and advice via their website to promote 'self serve', with the intent of reducing the number of contacts and therefore maximising utilisation of resources.
- 3.4.5. Through the introduction of mobile devices, all staff will have up to date and accurate information available and will therefore be able to respond to any request for information from any stakeholders whilst in the field.
- 3.4.6. Bidder 4 have committed to helping East Sussex achieve a top 10 position in the NHT customer satisfaction survey in year two of the Contract.

3.5. Third Party Claims

- 3.5.1. Bidder 4 have experience of the management of both Red and Green claims from their delivery of **text removed** contracts, and this learning will be brought to East Sussex.
- 3.5.2. Bidder 4 have an aspiration to defend all Red claims through effective management of the network. This includes ensuring that all relevant staff are trained and information is correct and current through making best use of technologies and systems.

3.6. Professional Services

- 3.6.1. Bidder 4 will bring a whole-life cost focus to their design ensuring a fence-to-fence, right-first-time approach utilising a cross asset mentality i.e. they will seek to undertake all operations at a site wherever practicable, e.g. grass cutting, lighting, drainage, surfacing etc.
- 3.6.2. Bidder 4 are proposing an holistic route strategy approach whereby they will consider a whole life cost approach to the total maintenance of an entire route/corridor. This brings a number of advantages including better investment strategies/reduced cost, opportunities to secure external funding, reduction in network occupancy with potential to enhance customer satisfaction.
- 3.6.3. Bidder 4 proposed an integrated delivery team model ensuring, Design, Operations and Commercial are all engaged throughout process to ensure value for money and buildability.

3.7. Cyclic Work

- 3.7.1. Having recognised both the geographic and demographic of the County, Bidder 4 will be delivering works from three strategic operational depots, Ringmer, Heathfield and Sidley or (Queensway, if built). This approach ensures that they will be able to meet the Contract levels of service, in particular responding to Safety defect rectification.
- 3.7.2. In adopting a risk based approach to the delivery they will target works such as drainage to ensure that service levels are met, work is planned giving consideration to network availability and customer safety, whilst recognising the importance of the need to reduce potential claims against the service. Additionally, through the introduction of real-time systems, plans and progress will be available via their dedicated website.

4. CONTRACT MANAGEMENT

4.1. Mobilisation

- 4.1.1. Mobilisation is key to the successful delivery of the service, this has been recognised by Bidder 4 who have therefore proposed to mitigate any potential risk by ensuring continuity of resources from the bidding team, through mobilisation and into service delivery.

4.2. Delivery of the Employer's Service Requirements Plan (ESRP)

- 4.2.1. The ESRP forms a fundamental part of the annual service delivery, which has been recognised by Bidder 4.
- 4.2.2. With the introduction of Bidder 4's integrated IT systems and a fully integrated 'One Team' approach including, Design, Commercial, Operations and Customer and client/stakeholder representatives there is a high level of assurance that objectives and outcomes will be met.
- 4.2.3. They bring an open and transparent culture which will ensure total visibility at all stages of the development of the ESRP and ensure that during delivery all relevant and key information is available and up to date for their staff, our staff (including members) and stakeholders.

4.3. Project Management and Cost Control

- 4.3.1. Bidder 4 will be bringing high quality systems to enable efficient and effective cost and contract management, including their bespoke financial management system (developed from market leading systems) and a dedicated contract management system (which is currently widely adopted in the construction industry).

4.4. Procurement and Supply Chain Management

- 4.4.1. Bidder 4 bring tried and tested processes and procedure in the selection and procurement of suppliers.
- 4.4.2. Bidder 4 have made a commitment to maximise the use of SME's with a target of 30% of outsourced spend being delivered via this mechanism.
- 4.4.3. Bidder 4 are proposing a move to a greater self-delivery model with a focus on ensuring local resources are utilised in the delivery of the services, and in addition new employment opportunities will only be advertised locally. In support of this approach, they will be offering additional support for local suppliers in the form of access to learning and development programmes.
- 4.4.4. Bidder 4 have introduced the concept of the 'East Sussex Pound', mirroring the Lewes Pound initiative, with the focus being to maintain monies within the County i.e. the supplier could be paid in £ES's, which then could be used to procure training from Bidder 4 and their supply chain at a discounted rates.

4.5. Performance Management and Continuous Improvement

- 4.5.1. Bidder 4 brings a culture of high performance, innovation and effective performance management.
- 4.5.2. Clear roles, responsibilities and accountability will vest with the Customer Director supported by a Performance Manager and Analytics Team. They will monitor, manage and report the Contract performance in accordance with its requirements, which will be supplemented by the use of communication and research experts (text removed) to ensure that the latest research technics, technology and processes are applied from successful customer facing industries to improve service delivery, i.e. text removed innovative approach to language processing in order to analysis online activity to understand customer views which may not be directly visible to ESCC.

Part 2 - Financial

5. Contract Approach

- 5.1. The existing highways maintenance contract is based upon a traditional schedule of rates resulting in the cost of service being equal to the prices submitted at tender, as amended by inflation. The commercial approach designed for the new contract is very different, moving away from this approach to one which passes appropriate risk to the provider in the form of lump sum/fixed costs (no inflation) for Core Activities for the contract duration, and actual cost for professional services and priced works i.e. capital investment.
- 5.2. The new contract transfers, risk where appropriate and income generating functions such as licencing and enforcement allowing the Contractor to keep the income. It was expected that bidder would use their expertise to maximise these income generating opportunities and offset this against their prices.

6. Bidder 4's Approach and Strategy to Pricing

6.1. It is clear from the price submission and subsequent validation with Bidder 4's commercial team that they have fully understood the intent of the Contract and its commercial aspiration. Key characteristics of their bid are:

- Staff are priced for utilisation on the Contract, having undertaken a full utilisation and opportunity assessment of the resource requirement for its delivery.
- 100% income generation is returned to the Council in the form of a flat discount across all lump sum prices, including a zero price offer for the delivery of Network Management.
- Maximisation of staff utilisation through securing additional 3rd party works.
- Seeking to turn risks into opportunities, and providing a direct resulting **text removed**
- Recovery of Key People through lump sums, thereby reducing the risk of financial viability resulting from reduced capital budgets.
- Open, Honest and transparent approach
- Tried and tested systems

Appendix 3 - Future Service Cost Model

Appendix removed

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