

Mr Roger Elkins, Cabinet Member for Highways and Infrastructure	Ref No: H&I01 19/20
April 2019	Key Decision: Yes
Winter Gritter Fleet and Salt Procurement	Part I
Report by Executive Director Economy, Infrastructure and Environment and Director of Highways and Transport	Electoral Division(s): All
<p>Summary</p> <p>The supply of de-icing salt and provision of a gritter fleet is critical to ensuring the Council can meet its statutory duty to maintain the highways, and to ensure so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice. The contracts awarded for these services in 2018 are due to end and new contracts are required.</p> <p>It is planned to use two framework contracts managed by the Eastern Shires Purchasing Organisation (ESPO) for the supply of de-icing salt and the provision of a gritter fleet. The frameworks, which are available for use nationally by any public sector body in the UK, are fully compliant with UK procurement legislation. Suppliers listed on the frameworks are pre-assessed for financial stability, track record, experience and technical and professional ability.</p> <p>The procurement route for both contracts will take the form of 'further competitions' which will ensure the Council obtains the most economically advantageous tenders for these contracts.</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The proposal supports the prosperous place priority in the West Sussex Plan. Procurement of de-icing salt and a winter gritter fleet will contribute to ensuring, so far as is reasonably practicable, that safe passage along key routes in West Sussex is not endangered by snow or ice during the winter period. A well maintained highway network helps to support local businesses and communities by ensuring safe, reliable, and consistent journey times.</p>	
<p>Financial Impact</p> <p>The new contracts will be designed with sufficient flexibility to contain expenditure within projected budgets. The estimated cost of the de-icing salt and winter gritter fleet is £848k which, along with other winter maintenance costs, will be contained within the allocated revenue works budget of £1.25m for winter maintenance.</p>	
<p>Recommendations</p> <p>That the Cabinet Member for Highways and Infrastructure approves;</p> <ol style="list-style-type: none"> 1) the commencement of the procurement process for a winter de-icing salt contract and a contract for the provision of a leased gritter fleet. (Both contracts to commence on 14 May 2019 and end on 31 March 2020, with an option to extend by a further twelve months); and 2) delegation of authority to the Director of Highways and Transport to enter into the contracts, and extend if appropriate, in accordance with the Council's Standing Orders on Procurement and Contracts. 	

PROPOSAL

1. Background and Context

- 1.1. The procurement of a new Highway Maintenance Term Contract (HMTC) in 2018 was abandoned, and a new procurement is underway, leading to a delay in getting a new contract landscape in place.
- 1.2. One of the impacts of this decision was that immediate arrangements needed to be put in place to ensure provision of the critical winter maintenance service. The Council had to obtain the use of a new gritter fleet, and replenish de-icing salt stocks, and there was insufficient time to complete full procurements.
- 1.3. An urgent decision was therefore taken to award a contract to Econ Engineering Ltd for the lease of a gritter fleet, and a waiver of contract standing orders was obtained to allow the purchase of de-icing salt.
- 1.4. In each case, officers were able to secure very competitive deals and, together with taking a risk based approach on other aspects of winter maintenance, saved in excess of £250k in comparison to the fixed lump sum on the previous contract.
- 1.5. The interim contracts awarded for these services in 2018 expired on 31 March 2019. New contracts are required to ensure the supply of de-icing salt and provision of a gritter fleet ready for the start of the forthcoming winter maintenance period commencing 1 October 2019.
- 1.6. The start date for the proposed contracts is 14 May 2019, to allow sufficient time for delivery of salt and gritters for October, with a contract end date of 31 March 2020. The proposed end date is to coincide with the planned start of the new Highways and Transport Term Maintenance Contract(s) (TMC) on 1 April 2020. The contracts will contain provision to extend by twelve months in case of any delay to the TMC procurement.

2. Proposal Details

- 1.7. It is proposed to use two framework contracts managed by the Eastern Shires Purchasing Organisation (ESPO) for the supply of de-icing salt and the provision of a gritter fleet. The frameworks, which are available for use nationally by any public sector body in the UK, are fully compliant with UK procurement legislation. Suppliers listed on the frameworks are pre-assessed for financial stability, track record, experience and technical and professional ability.
- 1.8. The procurement route for both contracts will take the form of 'further competitions' which will ensure the Council obtains the most economically advantageous tenders for these contracts.

FACTORS TAKEN INTO ACCOUNT

3. Consultation

- 1.9. The Executive Director for Economy Infrastructure and Environment, the Director of Finance and the Director of Law and Assurance have been consulted.

1.10. The Council’s internal Procurement Board has considered the options and supported this procurement and contract award process, which will be undertaken in accordance with the Council’s Standing Orders on Contracts.

4. Financial and Resource Implications

1.11. The value of the two contracts is likely to be similar to this financial year, which is around £540,000 for the gritters and £308,000 for the salt. Eight thousand tonnes of salt was purchased last year, which replenished stocks up to the required 10,000 tonnes held in the depot salt barns at the start of each winter maintenance season. The amount of salt actually required is dependent on how much salt is physically used up to the end of this year’s winter maintenance season.

1.12. The Highways Maintenance Revenue Budget for 2019/20 approved by Full Council in February 2019 is £8.707m and includes an allocation for the value of the 2 contracts.

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m
Total Revenue Works Budget	9.597	8.707	8.707	8.707	8.707	44.425
Change From Proposal	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Budget	9.597	8.707	8.707	8.707	8.707	44.425

5. Legal Implications

1.13. The contracts for procurement of salt and the gritters will each be over the relevant EU threshold (£181,302) for the purpose of the Public Contract Regulations 2015 (“PCR”) and so the Council is required to undertake a competitive procurement process.

1.14. Both ESPO frameworks have been competitively tendered and the Council is lawfully able to call-off from them. Both contracts will involve a further competitive tender process amongst the framework providers. Using this route will ensure that the Council is in compliance with both its Standing Orders on Procurement and Contracts and the PCR.

1.15. The Council’s Legal Services, Procurement and Contract Management teams have reviewed and assessed the procurement route and contract models and confirm that both framework contracts meet the Council’s requirements.

6. Risk Assessment Implications and Mitigations

6.1 The risk of not authorising the procurement of de-icing salt and the provision of a gritter fleet, is that the County Council’s statutory duty to maintain the highways and to ensure so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice will not be met.

7. Other Options Considered

1.16. An options analysis has been completed, which considered a number of alternatives, and the use of the ESPO framework contracts emerged as the clear winner in terms of the most economically advantageous route to market.

8. Equality and Human Rights Assessment

1.17. The public sector equality duty will apply to the delivery of the services which fall within the contract, and the terms of the contract will ensure that they enable the County Council to fulfil its obligations through the delivery of the contract, and provide sufficient assurance that the duty will be complied with. The proposal has no implications under the Human Rights Act 1998.

9. Social Value and Sustainability Assessment

1.18. The proposal has no implications to the Council's duty under the Public Services (Social Value) Act 2012.

10. Crime and Disorder Reduction Assessment

1.19. There are no foreseeable crime and disorder implications to this proposal.

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Appendix

None

Background papers

Options Analysis

The background paper (available to members upon request) is exempt from publication because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information (see Part I of Schedule 12A of the Local Government Act 1972.)