

# Collaborating Councils

## Road Resealing

Improving the way local councils buy goods and services to support their communities increases capacity and performance and provides better value for residents and ratepayers.

Local Government Victoria has worked with five regional councils on a project to achieve cost savings through a combined spend on bituminous road resealing.

### Participating councils

- Ararat Rural City Council
- Ballarat City Council (lead)
- Golden Plains Shire Council
- Hepburn Shire Council
- Pyrenees Shire Council

These Central Highlands Regional Procurement Excellence Network (RPEN) councils identified that a combined three-year contract for bituminous road resealing works would have a value of between \$15,000,000 to \$20,000,000.

### Process

Ballarat City Council, the lead council for the project, handled all enquires and the lodgement of tender submissions. Yet, each council tendered for the service, by formalising a strategic procurement plan, authorised by council CEOs. Given the size of the procurement, procurement conduct and probity plans were developed and an independent probity auditor was appointed.

Public tenders were sought on the basis of a schedule of rates for all bituminous road



resealing works with an allowance for rise and fall adjustments after each year of the contract. Collaborating councils agreed on a three-year contract with two additional one-year options.

Although there was a single advertising process and a group evaluation of tenders, each council entered into a separate contract, allowing them to manage their contract with the preferred supplier independently rather than through a centralised function or lead council.

Delivering the collaborative procurement project through the RPEN was considered to be a suitable and successful model. Having a lead council was an important success factor.

The project continues with the first group of collaborating councils being joined by another council to negotiate the next contract for road sealing in the region.

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## Benefits

- Savings across participating councils were measured at \$633K per year over three to five years.
- Participating councils built significant knowledge and skills.
- The councils improved their procurement practices, especially for major contracts.
- Tendering businesses also enjoyed cost savings as a result of the streamlined tender process.
- Early agreement on the structure of the tender strengthened the councils' position in the open market.
- Councils also benefited from having comparable data which has confirmed the importance of collecting consistent data.
- Participating councils now use a common scheduling and performance evaluation tool and are operating on a common specification.
- Supporting the theory of best practice, councils now provide their schedule of works four months earlier than in the past.
- Success of the project resulted in a review of the *2012 Victorian Local Government Best Practice Procurement Guidelines*, with templates now available to help councils collaborate and share services.
- Procurement was highly transparent and signed off by an independent procurement auditor, verifying council and supplier confidence in the process.



Read about the success and benefits of collaborative procurement at Local Government Victoria's website [www.delwp.vic.gov.au/local-government/strengthening-councils/collaborating-councils](http://www.delwp.vic.gov.au/local-government/strengthening-councils/collaborating-councils).

For more information regarding this project contact Local Government Victoria on (03) 9948 8537.

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