## DECISION MAKING REPORT FORMAT WITH GUIDANCE

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| **Report for:** | **Steve McDonnell, Director of Environment and Neighbourhoods** |
| **Item number:** | **N/A** |
| **Title:** | **Contract Award Report – 2018/19 Principal and Classified Road Resurfacing Works** |
| **Report Authorised by:** | **Ann Cunningham, Head of Operations** |
| **Lead Officer:** | **Mahmood Ramjan** |
| **Ward(s) affected:** | **Bounds Green, Northumberland Park, Tottenham Hale, Noel Park, Harringay, St Ann's, Tottenham Green, Highgate** |
| **Report for Non Key Decision:** | |

**1. Describe the issue under consideration**

There is a requirement to undertake re-surfacing works on the principal and classified road network in Haringey. Principal and classified roads are the busier roads in the borough and their resurfacing involves significant traffic management and often diversions.

Previously similar works were undertaken by the appointed Term Maintenance Contractor (Ringway Jacobs) under the London Highway Alliance (LoHAC) Contract. Concerns have been raised regarding Ringway Jacob's ability to deliver these projects in terms of time, quality and cost. Since 2016/17, resurfacing works have been successfully undertaken through competitive tenders, achieving a savings of up to 18% on Ringway Jacob's LoHAC prices.

Capital works on Principal Roads are funded by Transport for London through the LiP budget. Capital works on Classified Roads are funded by Haringey Council out of the planned maintenance budget. Failure to complete the works could prejudice road safety and create a reputational risk to the Council. On the basis of successful completion of resurfacing works through competitive contract awards in the past two years, a competitive procurement process for these highway resurfacing works was conducted.

It is proposed to award the contract for 2018/19 Principal and Classified Road Resurfacing Works to **Kenson Contractors (Benington) Limited in the sum of £445,960.85.**

## 2. Cabinet Member Introduction

Not Applicable

## 3. Recommendations

For the Director Environment and Neighbourhoods to approve the award of the contract for 2018/19 Principal and Classified Road Resurfacing Works to **Kenson Contractors (Benington) Limited in the sum of £445,960.85** pursuant to Contract Standing Order (CSO) 9.07.1)(c), to approve a contingency of 10% of the contract value (available in LIP Principal Road and Haringey Borough Road maintenance budgets) to cover unforeseen works arising on site and the issuance of a letter of intent up to a maximum value of £100,000 pursuant to CSO 9.07.3.

## 4. Reasons for decision

This contract is being awarded to ensure that the annual LIP Principal Road and Haringey Borough Road (maintenance) allocations can be spent as planned. Principal Road funding will be lost if not spent this year. In addition this tendering exercise offered the opportunity to re-test the market in advance of undertaking the larger project to procure a new highways and streetlighting contract.

## 5. Alternative options considered

Do nothing – committed resurfacing programmes on Principal and Classified Roads would not proceed, highway maintenance outcomes would not be achieved and road safety may be compromised. There may be further implications in the loss of creditability for the Council to deliver budgeted Highway Maintenance Works in the future.

Use the existing Highways Term Maintenance Contractor - consideration was given to issuing task orders for the works to be undertaken by Ringway Jacobs (RJ), the Council's Highways Works Contractor. However, it was felt that to do so would put the council at risk of those works not being completed within timescale or at an appropriate cost. It was felt that works could be delivered at a lower cost and with certainty through a tendering exercise.

Competitive Procurement Process – using a competitive procurement process to secure specialist resurfacing contractors to undertake the works was selected as the best approach to deliver the required outcome

## 6. Background information

On 18th March 2016 Cabinet gave approval to the continued use of the London Highway Alliance (LoHAC) contractor RJ for highways works including , resurfacing works, whilst a new term contract was established to undertake such works. Work on the new contract is progressing with implementation expected in Spring / Summer 2019.

Since that time RJ has not performed as had been expected and various contract disputes have arisen. The most recent dispute relates to charges for the removal and disposal of tar and has put the completion of this year's resurfacing works in jeopardy It is strongly felt that placing further resurfacing works with Ringway Jacobs in the present circumstances increases uncertainty about final costs and also puts the Council at risk of losing our LiP principal road maintenance allocation.

In 2016/17 and 2017/18 Principal Road resurfacing works were undertaken by Volker Highways and Marlborough following competitive tender processes. The same situation exists during 2018/19.

Funding for principal roads is available in the current years LIP allocation. Funding for the remaining classified road element was approved by Cabinet on 9th March 2018 in the Sustainable Transport Works Plan.

Given the circumstances the service has been supported by Strategic Procurement in tendering for the delivery of principal and classified road resurfacing works. In accordance with the Contract Procedure Rules the Tender Documents were issued via the Council's Corporate Procurement System using the HPCS – e-procurement portal. The Tender Documents clearly stated the procedures each Tenderer was to follow for communications with the Council regarding the procurement process and the procedure to be followed for the submission of a bona fide tender submission. The tender submissions were evaluated on the basis of Part 1 Experience (Scored Pass/Fail) and Part 2 Quality (30%) and Price (70%) to identify the Most Economically Advantageous Tender (MEAT) for award. Only Contractors who demonstrated suitable experience in Part 1 proceeded to evaluation under Part 2.

On 8th June 2018, following a request for Expressions of Interest through Construction Line, tender documents were issued to five contractors:

AH Nicholls & Sons Ltd
ELM Surfacing Ltd
ELS Surfacing & Civils Ltd
Kenson Contractors (Benington) Ltd
Marlborough Surfacing Ltd

All five contractors returned tenders in the prescribed manner using the Council's HPCS e-procurement portal by the tender submission deadline 12:00 Noon 11th July 2018.

Minor clarifications were sought to assure the evaluation process.

In Part 1 evaluation it was concluded that two bidders had not demonstrated experience of working as Principal Contractor under CDM Regulations 2015 on the resurfacing of public roads, and as such we were not satisfied that they were competent to work safely on public roads. The remaining three bidders were assessed to have demonstrated suffient capability and experience to undertake resurfacing works on the carriageway of public roads and passed the Part 1 evaluation.

Part2, Quality Evaluation of the tenders was completed by a team within the Service on 18th July 2018. The quality scores and weighted quality scores were as follows:

| Suppler | Quality Score | Weighted Quality Score |
|---|---|---|
| Contractor A | 100.00 | 30.00 |
| Contractor B | 100.00 | 30.00 |
| Contractor C | 100.00 | 30.00 |

Part2, Price Evaluation of tenders was completed by an independent team within the Service on 19th July 2018. The prices and weighted price scores were as follows:-

| Suppler | Price | Weighted Price Score |
|---|---|---|
| Contractor A | £ 445,960.85 | 70.00 |
| Contractor B | £ 562,696.60 | 55.48 |
| Contractor C | £ 573,636.25 | 54.42 |

**Results**

The combined MEAT scores were as follows:-

| Tenderer | Weighted Quality Score | Weighted Price Score | Total Score MEAT (70/30 Price/Quality) |
|---|---|---|---|
| Contractor A | 30.00 | 70.00 | 100.00 |
| Contractor B | 30.00 | 55.48 | 85.48 |
| Contractor C | 30.00 | 54.42 | 84.42 |

**Contractor A** represented the most economically advantageous tender.

All prices are based on re-measurement, which can add to out-turn costs where minor variations to the works arise e.g. unforeseen conditions. Another minor risk to the out-turn price is the presence of tar. All sites have been subject to rigorous testing with cores at 25 metre centres not revealing the presence of tar. However it is possible, though unlikely, that small pockets of tar may be identified between cores. Provisional competitive prices for disposal of tar have been sought as a part of the tender. A contingency of 10 % to cover the cost of any unforeseen works or minor variations is available in Haringey's highway maintenance budget.

A comparison was made with our LoHAC contractor Ringway Jacobs (RJ) rates for the same works. The RJ contract price for the works would be £508,761. This represents a 12.34 % saving overall and confirms findings when the last package of works was tendered. It demonstrates that the LoHAC contract does not guarantee the most competitive rates.

## 7. Contribution to strategic outcomes

The maintenance of the highway network supports the delivery of a number of council priorities including Corporate Plan Priority 3, a clean and safe borough where people are proud to live and Priority 4, growth and employment from which everyone can benefit

**8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

**8.1 Finance**

The cost of these works can be contained within existing LIP Principal Road and Haringey Borough Road maintenance budget as approved by Cabinet on 9th March 2018 in the Sustainable Transport Works Plan.

**8.2 Strategic Procurement – DC010818**

8.2.1 Strategic Procurement (SP) note that three tender responses were sought and returned for the resurfacing works in accordance with Contract Procedure Rules paragraph 9.01.

8.2.2 The tender submissions have been reviewed by the Council's Traffic Management representatives, clarifications were sought and replies were in line with CSO's, therefore submissions were progressed to evaluation and no issues have been raised that require further clarification.

8.2.3 SP note the report recommendation contained within paragraph 3 and this tenderer represents best value for money for the Council.

8.2.4 SP notes the request to approve a contingency of 10% of the contract value (available in LIP Principal Road and Haringey Borough Road maintenance budgets) to cover unforeseen works arising on site.

8.2.5 SP has no objections to the award of the contract for 2018/19 Principal and Classified Road Resurfacing Works to Kenson Contractors (Benington) Limited in the sum of £445,960.85 pursuant to Contract Standing Order (CSO) 9.07.1)(c).

8.2.6 SP has no objection under CSO 9.07.3 to approve the issuance of a Letter of Intent (LOI) up to the value of £100,000 of the contract sum.

**8.3 Equality**

Not Applicable

**9. Use of Appendices**

Appendix A - Part 2 Exempt information report (not for publication)

**10. Local Government (Access to Information) Act 1985**

No supporting documents are required to support this award.

## Important Additional Guidance on Accessibility

- Documents must be available for Councillor Hearn at the same time as for all other Councillors
- The council's primary typeface, Helvetica, should be used for all reports and accompanying documents, size 12 preferred (Arial font is also acceptable)
- Text should be as plain as possible with no boxes around it, Microsoft Word is preferred, not PDF, and no abbreviations (such as Cllr.) and try to keep symbols to minimal use
- Roman numerals are not suitable for a person using a screen reader so please use normal paragraph numbering/ lettering and bullet points where necessary
- Reports should be written without images, however, where images are used, report authors must provide a text alternative in all cases (a short paragraph explaining what the graphs, table, pictures etc are showing). Detailed examples can be provided by contacting Natalie.layton@haringey.gov.uk
- Appendices
    - All of the above applies for appendices and report authors should avoid including lengthy PDF documents as part of the report
    - In some cases an executive summary could be more appropriate if Councillor Hearn is on the committee
- Presentations – if Powerpoints are to be used then a Word version must be submitted in advance of the meeting (and at the same time it is made available to all other members)
- The Democratic Services Team will not accept reports which are not in an accessible format.
- In the rare event that a documents is not in a fully accessible format the report author must submit, by the same report deadline, an accessible version for Councillor Hearn (if she is on the relevant committee)
- Plain text documents should be saved with document names including "DATE TITLE COUNCILLOR HEARN PLAIN TEXT"

**Categories of Exemption**

Exempt information means information falling within the following categories:

Part 1
1. Information relating to any individual.

2. Information which is likely to reveal the identity of an individual.

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

4. Information relating to any consultations or negotiations or contemplated consultations or negotiations in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or holders under, the authority.

5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

6. Information which reveals that the authority proposes – (a) to give under any enactment a notice under or by virtue of which requirements are imposed upon a person; or (b) to make an order or direction under any enactment.

7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Part 2
Qualifications to the above exempt information:
(a) Information falling within paragraph 3 above is not exempt information under that paragraph if it is required under – (a) the Companies Act 1985 (b) the Friendly Societies Act 1974 (c) The Friendly Societies Act 1992 (d) The Industrial and Provident Societies Acts 1965 – 1978 (e) the Building Societies Act 1986 (f) The Charities Act 1993.

(b) Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.

(c) Information which – (i) falls within any of paragraphs 1-7 above; and (ii) is not prevented from being exempt under (a) or (b) above is exempt information if an so long as, in the opinion of the Monitoring Officer, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.