

Report for: Cabinet – 17 January 2023
Title: Proposed Extension to the Street Lighting Term Contract

Report Authorised by: Mark Stevens, Assistant Director Direct Services

Lead Officer: Peter Boddy, Highways & Traffic Manager
Peter.boddy@haringey.gov.uk

Ward(s) affected: All

**Report for Key/
Non-Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1 On 9 July 2019, Cabinet considered tenders for the maintenance of the Council's street lighting and agreed to award the contract to Marlborough Highways Ltd. The contract was initially awarded for a minimum 4-year period commencing 1 October 2019 and ending on 30 September 2023.
- 1.2 However, there was also a provision within the contract for extensions of 2 + 2 years, subject to a review of the performance of the contractor over the initial period of the contract.
- 1.3 This report provides feedback on the contractor's performance, discusses other considerations relating to the extension of the contract, and advises a revised projection of total spend over the contract period, due to recent additional investment, primarily related to the street lighting LED replacement programme.
- 1.4 Approval is therefore sought to the extension of the street lighting maintenance contract for a further 2 years to 30 September 2025, and to the revised projected spend.

2. Cabinet Member Introduction

- 2.1 Transport plays a key role in our daily lives and Haringey is one of London's best-connected boroughs and the highway network is used by our residents, businesses, and people from across London and beyond.
- 2.2 Maintaining and improving our road network, including street lighting, therefore plays a key part in ensuring the safe movement of all road users
- 2.3 This report recommends the extension to a street lighting contract which will continue to ensure the ongoing cost-effective delivery of the Council's planned and reactive street lighting works.

3. Recommendations

Cabinet is asked to approve:

- 3.1 The extension of the existing contract awarded to Marlborough Highways Ltd for the maintenance of the Council's street lighting assets for a period of a further 2 years from 1 October 2023 to 30 September 2025.
- 3.2 An increase in total expenditure through the contract from £12m to £20m, with the significant investment in LED street lighting being the main driver of increased spending through the contract.

4. Reasons for decision

- 4.1 The decision is required to allow the Highways and Parking Service to continue to commission street lighting services.

5. Alternative options considered

- 5.1 The Council could consider retendering the contract to test the market. However, besides the significant cost of the procurement exercise, there might be limited value in such an option having regard to the following factors:
 - Potential disruption to the current benefit of delivery of both street lighting and highway works contracts through a single contractor operating from the same depot within the borough.
 - Relative competitiveness of the initial tender – tender evaluations revealed that overall, in a combination of price and quality, the successful contractor achieved an overall margin of 4% over the nearest competitor. In terms of pricing, the contract secured a price margin of 7.5%.
 - Current uncertainties within the market (due to inflationary costs and material supply problems) would lead to contractors perceiving greater risks when tendering. This would likely to be reflected in inflated prices received in any new tendering round.

6. Background

- 6.1 The Council awarded a street lighting contract in 2019 to Marlborough Highways Ltd. This tender process was in accordance with Contract Procedure Rules (CSO) 9.01.1 (Contracts to be let following an appropriate advertisement), including an OJEU Notice published for a competitive tender (using Open Procedure) to identify suitable economic operators for the delivery of the Council's Street Lighting Term Maintenance Contract.
- 6.2 The contract was for a minimum initial 4-year period commencing on 1 October 2019, but with provision for further extensions of 2 + 2 years, subject to satisfactory performance.
- 6.3 In accordance with the contract, the contractor undertakes the general maintenance and repair of the street lighting and illuminated assets that are owned and operated by Haringey Council. In addition to routine maintenance work, there are a range of other activities included in the contract such as

lighting improvement works, and lighting related support works for traffic and safety schemes.

6.4 In addition, a borough rollout of conversion to LED lighting in conjunction with operational control through a central management system (CMS) took place between 2020/21 and 2021/22 on the local highway network. This is being expanded upon during 2022/23 to include illuminated highway road signs and lighting improvements in parks and greenspaces. These additional investments mean that the total projected spend over the life of the contract (potentially up to 8 years) would increase from the £12m advised at the time of the original award.

7. Performance of the current contractor and benefits of extending the contract

7.1 Officers have reviewed the performance of the contractor having regard for both the key performance indicators (KPIs) that were included in the contract covering timely delivery of the works, quality of services provided, accuracy of invoicing, and health and safety. In addition, the ability of the contractor to respond to changing workloads and to develop sound working relationships with officers was also demonstrated.

7.2 While the contractor has recently been able to exceed KPI targets, several targets relating to service delivery were earlier adversely affected, initially by the Covid-19 pandemic, and more recently by the war in Ukraine, with the resulting scarcities in some key supplies.

7.3 Despite overall industry shortages, the contractor has been able to maintain a competent management and workforce framework. The contractor has also been able to respond to additional workloads arising from increased investment, such as the rollout of LED lighting and lighting improvements in parks and greenspaces.

7.4 In particular, the contractor has provided valuable technical support in the rollout of the CMS. The implementation of this system and the resulting real-time feedback on the status of all street lighting assets will allow enhanced management of maintenance activities. It will also allow the Council to review and extend the supporting key performance indicators.

7.5 Turning to other factors that would support a decision to extend the current contract period, in 2020, Marlborough Highways was also awarded the term contract for highway maintenance and minor highway improvement works. This has resulted in benefits of operational synergy derived from joint operating arrangements including shared depot facilities within the borough being realised.

7.6 There will be no changes to the schedule of rates because of this extension other than those allowed for in the contract.

7 Contribution to strategic outcomes

- 7.1 The Highways and Parking Service will continue to commission street lighting services during the extended contract period, as determined annually through the Highways and Street Lighting Investment Plan.
- 7.2 In particular, this will help deliver the Manifesto commitments of:
- a) investing £2m in LED street and parks lighting;
 - b) installing more LED streets lights to keep our streets safe; and
 - c) improve street lighting and safety, especially around public transport at night

8 Statutory Officers' comments

8.1 Finance

- 8.1.1 The recommendation of the report is to extend the current street lighting contract from its initial length of 4 years by a further 2 years, which would make this a 6-year contract.
- 8.2.1 At the time of the award of contract, it was anticipated that the overall spend would be in the region of £12m. The investment in LED street lights has increased the level of spend through the contract and it is proposed that the anticipated contract value will now be up to £20m. This level of spend will be funded through existing capital and revenue budgets which may be subject to change. The extension will be on the existing terms and conditions and with no increase in rates (other than those allowed for under the contract).

8.2 Procurement

- 8.2.1 Strategic Procurement note the content of the report to extend the contract term as set out in the original procurement with Marlborough Highways Ltd to September 2023.
- 8.2.2 The extension is permissible under the authority's contract standing orders and the Public Contract Regulations.
- 8.2.3 Strategic Procurement can see no reason that the recommendation set out in this report is not endorsed.

8.3 Legal

- 8.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.
- 8.3.2 The extension which this report relates to is in accordance with the Council's Contract Standing Orders and Regulation 72(1)(a) of the Public Contracts Regulations 2015.

8.3.3 Pursuant to Contract Standing Order 10.02.1(b), Cabinet has authority to approve the contract extension and increase in expenditure as set out in the recommendations.

8.3.4 The Head of Legal and Governance (Monitoring Officer) confirms there are no legal reasons preventing Cabinet from approving the recommendations in the report.

8.4 Equality

8.4.1 The Council has a Public Sector Equality Duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.4.2 The three parts of the Duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the Duty.

8.4.3 The decision is to extend a contract for term services in relation to street lighting assets. The terms and conditions of this contract require suppliers to comply with Council duties in any works they undertake. Equalities formed a key element of the quality assessment process of the tender award to make sure that the successful tenderer would meet the requirements of the Council.

8.4.4 Equality is a key issue considered when undertaking the design of all schemes/works carried out under this contract

8.4.5 Improvements to street lighting that will be delivered through this contract extension will benefit all Haringey residents and visitors, with some vulnerable groups, such as the elderly and those with disabilities benefitting disproportionately.

9 Use of Appendices

None

10 Local Government (Access to Information) Act 1985

- Award of Highway and Street Lighting Term Contracts, Cabinet Meeting - 9 July 2019
- Award of Contract for Highway Maintenance and Minor Improvement Works, Cabinet Meeting – 10 March 2020

