Report for:	Cabinet - 10 November 2026
Title:	Approval to extend current Highways and Street Lighting Contracts and approval of the procurement strategy for a future combined Highways and Street Lighting Contract
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Lead Officer:	Simi Shah - Head of Highways and Traffic
Ward(s) affected:	All
Report for Key/Non-Key Decision:	Key Decision

1 Describe the Issues Now Under Consideration

1.1 This report seeks Cabinet approval to increase the value of the current Highways Maintenance and Minor Improvement Works Term contract prior to the expiry date, to further extend both the current Highways Maintenance and Minor Improvement Works Term Contract and the Street Lighting Term Maintenance Contract, and the resulting estimated additional levels of spend.

1.2 The report also seeks Cabinet approval to a proposed procurement strategy for a combined longer-term Highways and Streetlighting Works Term contract to replace these current separate contracts which will subsequently allow for tender action for the new combined contract to proceed.

1.3 The existing Highway Maintenance and Minor Improvement Works Term Contract and Street Lighting Term Maintenance Contract with Marlborough Highways Ltd were initially awarded to Marlborough Highways Ltd in March 2020 and October 2019 respectively.

1.4 Further Cabinet approvals in January 2023, July 2024, and July 2025, allowed both these contracts to be extended in accordance with the provisions of the original contracts; the existing contractor having met performance requirements within both contracts. However, these contracts are currently due to expire on 30th June 2027.

1.5 A 12-month extension to both contracts is proposed having regard for current uncertainties due to global economic turbulence, and the likelihood that full re-procurement at this time may result in increased tender pricing to reflect resulting risk particularly in terms of materials, energy, and transport costs. It also allows time for a review of the future long-term procurement strategy in the context of the council's emerging new Corporate Delivery Plan.

2 Cabinet Member Introduction

2.1 Our streets and public spaces are among the Council's most valuable assets. They connect people to jobs, schools, shops, parks, healthcare and one another, and play a vital role in shaping the quality of life of everyone who lives, works and visits Haringey

2.2 We know that Investing in our public realm helps people choose more sustainable ways to travel, supports local economic activity, and enables residents to live healthier and more connected lives.

2.3 *The requirements set out in our highway and street lighting works contracts ensure that contractors recycle at least 95% of waste materials and measure carbon emissions in order understand and to reduce them going forwards, which contributes to our commitment to addressing climate change.*

2.4 *As part of the procurement process, bidders will be required to submit their proposed social value commitments, which will be aligned to the key themes of 'Responding to the climate emergency' and 'Place and economy', with each theme containing a range of outcomes and metrics. Performance will be monitored and reported throughout the life of the contract via the social value portal. Our ambitions on climate action, active travel and thriving local communities are central, whether it's our pavements and roads or any other service or council asset.*

2.5 *This report recommends a short-term extension of the current highway works and street lighting contracts, alongside a procurement strategy for a new longer-term contract, to ensure the delivery of high-quality services while advancing our administration's environmental and social objectives.*

3 Recommendations

It is recommended that Cabinet:

3.1 Approves the variation of the existing Highways and Minor Improvement Works Term Contract from £98m to £105m over the current period of the contract up to 30 June 2027 and a further variation of this contract beyond 30th June 2027 for a maximum period of 12 months to 30th June 2028 with an estimated additional value of works of £5m in accordance with CSO 2.01(d) (The cabinet approve any Variation or Extension with an aggregate of £500,000 or more)**.**

3.2 Approves the variation of the existing Street Lighting Works Term Contract beyond 30th June 2027 for a maximum period of 12 months to 30th June 2028 with an estimated additional value of works of £2M in accordance with CSO 2.01(d) (The cabinet approve any Variation or Extension with an aggregate of £500,000 or more).

3.3 Approves the commencement of a procurement exercise in accordance with CSO 2.01(b) (The Cabinet approve commencing a procurement exercise for proposed Contracts valued at £500,000 or more)**.**

4 Reasons for Decision

4.1 It is the statutory duty of a council as a highway authority to keep the infrastructure in good repair to allow the safe progress of pedestrians, cyclists, and ordinary traffic. It is therefore essential to maintain contractual arrangements to ensure the delivery of the Council's highway and street lighting related capital and revenue funded works programmes while also progressing longer term procurement arrangements.

5 Alternative Options Considered

5.1 Doing nothing is not an option, due to the need to ensure the ongoing delivery of the extensive highway and traffic related programmes required over the next few years.

5.2 Full procurement of new contractual arrangements to operate from the current expiry date of 30 June 2027 are not recommended in the current climate of economic uncertainty.

5.3 The possibility of insourcing part or all the works was the subject of a detailed investigation in 2023 which concluded it was not viable, as described in more detail in sections 6.15 to 6.18 below.

6 Background Information

The Current Contracts

6.1 On 9 July 2019, Cabinet awarded a Street Lighting term contract to Marlborough Highways Ltd. The contract was initially awarded for a period of 4 years commencing 1 October 2019 and ending on 30 September 2023 but was the subject of Cabinet approvals on January 2023 and July 2025 to further extensions, finally to 30 June 2027 for which there was provision within the contract.

6.2 On 20 March 2020 Cabinet approved the award of a separate contract for the maintenance of the Council's highway to the same contractor this also being the subject of a Cabinet approval to a further extension on 16 July 2024 to 30 June 2027.

6.3 While not committing the Council to any specific level of spend, with the exception of the annual street lighting service activity charges, these contracts, which include priced schedules of rates, against which works are measured and valued, and the associated terms and conditions, allow the ongoing commissioning of packages of capital and revenue funded works rather than requiring further procurement procedures for all new packages of works.

6.4 The contracts provide for works to be carried out anywhere within Haringey including on non-public highways land such as for housing or in park areas that might include paving, drainage, resurfacing and street lighting works.

6.5 Most of the works are funded through the Council's capital and revenue programmes together with any additional funding from external bodies including developers through legal agreements, Transport for London (TfL), Department for Transport (DfT), Environment Agency) (EA), and Greater London Authority (GLA).

Performance of the Existing Contractor

6.6 The award of extensions to the current contracts has been dependent upon the satisfactory performance of the contractor. Officers continue to review the ongoing performance of the current contractor in respect of both the highways and street lighting contracts having regard for both key performance indicators (KPIs) that were included in the contracts covering timely delivery of works, quality of the services provided, accuracy of invoicing, and health and safety.

6.7 The contractor has been able to match or exceed the key performance Indicator (KPI) targets including stretch targets relating to the delivery of key operations. In addition, the contractor's ability to respond to changing workloads and to develop sound working relationships with officers has also been demonstrated.

6.8 Despite industry shortages, the contractor has also been able to maintain a competent management and workforce framework and worked with Council officers to identify and implement service improvements and innovation including sustainability initiatives where methods of working and materials used were concerned.

6.9 In addition to the performance management framework incorporated within the contracts, the contractor has also progressed a range of initiatives to complement the services delivered and which were included in a list of targets agreed during the initial mobilisation that have added social value to the contracts. This included working with the Haringey Works team to offer training, employment, and apprentice opportunities to Haringey's residents.

6.10 There would be no changes to the schedule of rates resulting from the proposed further extensions other than those allowed for in the contracts.

Increases in the Estimated Value of Highway Works

6.11 The earlier approved estimated value of this contract of £98m was based upon the historic spend. However, actual expenditure is dependent upon approved capital and revenue expenditure for relevant individual projects and programmes. The subsequent actual spend has exceeded the earlier estimates with the value of spend to the end of the current contract (on 30th June 2027) now estimated to be up to £105m. This has been due to a combination of significant inflationary rises in cost together with increases in the annual investment in highway assets, and in success in obtaining additional partnership and placemaking investment in public realm improvements as well as increases in funding from TfL for active travel programmes that is also being delivered through this contract.

Increases in the Value of Street Lighting Works

6.12 The approved estimated expenditure over the current period of the contract expiring in June 2027 is £22.8m. Should approval be given to the proposed extension, it is estimated that an additional spend of £2m will occur over the period of this extension.

Summary of Current and Extension Contract Values

6.13 The amendments to the value of the current highway contract and additional expenditure required within the proposed extension to both the highway works and street lighting contracts are set out in the table below.

Contract	Years	Current Value	Spend to date	Remaining value	Additional funding to be requested	Estimated extension value (2027-28)	Estimated total contract value
Highways	2020-27	98m	80.64m	17.36m	7m	5m	110m
Street Lighting	2019-27	22.8m	18.57m	4.23m	-	2m	24.8m

Insourcing Review

6.14 The proposed strategy has taken into consideration the outcome of an earlier investigation as to the possibility of insourcing part, or all, of the highway maintenance and improvement works. This investigation, including a more recent update, is discussed in greater detail in the body of the draft strategy. Two options for insourcing the works, through a hybrid working arrangement with a term contractor, and a fully insourced model were considered.

6.15 These options were appraised in 2023 using the Council's 'enabling framework' and compared with the option of continuing to deliver all the works through a term contractor.

6.16 It was concluded that the running costs of either insourcing option would be substantially higher than delivering all the works through a term contractor which would result in less works being delivered. Besides the comparative cost, other considerations included the current lack of internal resources and skill sets to deliver such works, including management and supervision of works, problems of recruiting and retaining operational staff, and reconciliation of market pay rates with Council pay scales.

6.17 A recent update of the earlier review was carried out and confirmed that the operating conditions and resulting relative costs remained unchanged.

Proposed Longer Term Procurement Strategy

6.18 The draft strategy (attached in the (exempt) Part B Appendix 1 to this report) sets out a proposal to engage a single contractor to carry out both highway and street lighting maintenance and improvements works having regard for the substantial synergy between the two kinds of work and the resulting administrative benefits.

6.19 The maximum contract term would be 8 years, made up of an initial 4-year term and two 2-year extensions subject to satisfactory performance of the successful contractor.

6.20 The strategy sets out the objectives of the procurement, the nature of the requirements, the market analysis undertaken, and the resulting preferred procurement option.

6.21 Compliance with social value performance targets will ensure that the contract actively contributes to the borough's long-term goals.

6.22 Tender evaluation will take into consideration a combination of commercial, quality, and social value using potential weighting of 65%/25%/10% split.

6.23 Subject to Cabinet approval to the draft procurement strategy, an indicative timetable for the full procurement process is set out in Section 14 of the Procurement Strategy in Appendix 1 located in Part B. Should the indicative target date of 1 April 2028 for commencement of the new contract be achieved, the proposed extensions to the existing contracts can be reduced to align to the start of the new contract, subject to the appropriate notice period being met with the existing contractor.

7 Contribution to Strategic Outcomes

7.1 The highway improvement works and street lighting maintenance contracts play a key role in the delivery of the Council's strategic objectives through seeking to facilitating sustainability, equity, community benefit, and resilience through contract delivery. The Council thereby seeks to ensure that every pound spent on the borough's roads and footways also advances wider social and environmental objectives. The contract will contribute to key vision and related objectives within the Haringey 2035 Vision including:

- Quality of life in all parts of the borough through cleaner, greener and safer neighbourhoods by improving the public realm.
- Supporting greener choices through supporting active travel and inclusive mobility by maintaining and expanding cycleways, footways, and accessible crossings.

8 Carbon and Climate Change

8.1 The new contractor's performance will be monitored against a target of recycling 95% waste.

8.2 The carbon produced in carrying out works will be reported to the council and the new contractor will also be expected to progress a range of measures to reduce carbon emissions, thereby reflecting objectives within the theme of "Responding to Climate Emergencies" within the earlier Corporate Delivery Plan including "the trialling and actual use of lower carbon materials and treatments in highway maintenance and improvement schemes."

9 Statutory officers' comments (Chief Finance Officer, Head of Procurement, Director of Legal and Governance, Equalities)

Procurement

9.1 Strategic Procurement notes the contents of this report.

Budget Increase Request Within the Official Contract Period

9.2 The current approved budget for the highway improvement works contract will not cover the delivery of works up to 30th June 2027 due to inflationary cost pressures and increased investments in highway assets, public realm improvements and active travel programmes.

9.3 During this official contract period an amount of £7m is required to deliver the agreed contract up to 30th June 2027. A further amount of £5m is required to deliver services up to 30th June 2028. The highway improvement works contract will therefore be varied under Regulation 72(1)(b) of the Public Contracts Regulations (PCR 2015) and CSO's 18.03.3 & 2.01(d).

Extension of Contracts Beyond Official Expiry

9.4 The Council's Highways Maintenance and Minor Improvement works, and Street lighting Term Maintenance contract will expire on 30th June 2027. Both contracts are delivered by Marlborough Highways Ltd.

9.5 The Council require both contracts to continue beyond their official expiry up to a period of 12 months in accordance with CSO ,18.03.3 & 2.01(d). The extensions to both contracts are proposed to ensure continuity of service while the Council reviews its long-term procurement approach and priorities.

9.6 The conditions of Regulation 72 of the Public Contracts Regulations (PCR 2015) have been considered, and the proposed extension is permissible under Regulation 72(1)(b) for highway works contract and 72(5)(a)(b) for street lighting works contract.

- Spend allocated - **£5M** during the extension of the highways contract,
- Spend allocated - **£2M** during the extension of the street lighting contract

New Procurement (Highways and Street Lighting Contract)

9.7 The Council intends to award a new contract by June 2028 through a competitive tender process.

9.8 The Council's delivery options are being explored and as part of this it engaged with the market in September 2026 to gain more insight to improve the delivery model and procurement process.

9.9 The current preferred route to market is the Competitive Flexible Procedure. However, the Council therefore reserves the right to utilise another compliant route to market where appropriate. The Council's routes to market are set out within CSO's 7,8,9,10,11 &12.

9.10 SP will work with the service to drive the procurement, including social value delivery forward. SP recommends the approval of the extension, budget increase and the commencement of a new procurement in accordance with CSO's 18.02.1,18.03.3,2.01(b) & 2.01(d).

Legal

9.11 The Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

9.12 The works contracts are subject to the provisions of the Public Contracts Regulations 2105 (the Regulations). Any modification of the contract must comply with one of the safe harbours set out in Reg 72 of the Regulations.

9.13 The extension of the street lighting contract is permitted under Reg 72 (5) (a) & (b) i.e. the de minimis rule.

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9.14 The additional spend on the existing highways contract plus the further extension to the highways works contract is permitted under Reg 72 (1) (b) which says that a modification without a procurement is permitted where additional works, services or supplies by the existing contractor have become necessary and were not included in the initial procurement, where a change of contractor -

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and

(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract.

9.15 Cabinet has power to approve the recommendations for contract extensions and additional spend under CCSO 2.01 d) (approval of variation or extension with an aggregate value of £500,000 or more).

9.16 Cabinet has power to approve the commencement of a procurement valued at £500,000 or more (CSO2.01 b).

9.17 The Director of Legal and Governance confirms that there are no legal reasons preventing Cabinet from approving the recommendations in this report.

Finance

9.18 This report seeks Cabinet approval to extend the existing contracts with Marlborough Highways Ltd until June 2028 and to procure a new long-term combined highways and streetlighting contract from July 2028. The proposed approach is expected to deliver efficiency savings through the consolidation of the two existing contracts into a single contract arrangement.

9.19 In March 2020, Cabinet awarded the Highways Maintenance and Minor Improvement Works Contract to Marlborough Highways Ltd for a term ending in June 2025. Subsequent Cabinet approvals extended the contract to 30 June 2027, resulting in an aggregate contract value of £98 million. However, an additional £7 million is required to cover expenditure up to 30 June 2027, reflecting inflationary cost increases and increased annual investment in highway assets.

9.20 This report also seeks approval to further extend the Highways Maintenance and Minor Improvement Works Contract with Marlborough Highways Ltd from 1 July 2027 to 30 June 2028 at an estimated value of £5 million. Subject to approval, the aggregate contract value will increase to £110 million. Expenditure during the extension period will be capped at £5 million.

9.21 Cabinet awarded the Street Lighting Works Contract to Marlborough Highways Ltd in July 2019 for a term ending in September 2023. Subsequent Cabinet approvals extended the contract to 30 June 2027, resulting in an aggregate contract value of £22.8 million.

9.22 This report seeks approval to further extend the Street Lighting Works Contract with Marlborough Highways Ltd from July 2027 to June 2028 at a value of £2 million. Subject to approval, the aggregate contract value will increase to £24.8 million.

9.23 The contracts will be funded through the Council's approved capital and revenue programmes, together with external funding sources including Section 106 developer contributions, Transport for London, the Department for Transport, the Environment Agency, and the Greater London Authority.

9.24 The proposed contract value increases and extensions are expected to provide sufficient contractual and financial cover until June 2028, allowing time for the procurement and mobilisation of a new long-term combined highways contract.

9.25 The proposed contract values represent maximum expenditure limits and do not commit the Council to spending at that level. The only fixed financial commitment under the new contract relates to the delivery of the four core services set out in the procurement strategy, and these annual costs can be met from existing revenue budgets for highways and street lighting maintenance. All other works will be commissioned on an as-required basis through pre-agreed schedules of rates, with works instructed, measured and valued in accordance with the contract. This arrangement enables the Council to continue delivering both capital and revenue-funded works efficiently, without the need to undertake separate procurement exercises for individual projects or work packages.

Social Value

9.26 As part of the procurement for the new joint contract, bidders will be required to submit their proposed social value commitments as part of their tender response. The Council will use its approved TOMs (Themes, Outcomes and Measures) Framework to assess, quantify, and monitor the social value offered and delivered throughout the contract term.

9.27 Social value commitments will be aligned to the framework's key themes of Work, Economy, Planet and Community, with each theme comprising a range of outcomes and measures designed to support the Council's wider social, economic, and environmental objectives.

9.28 The successful bidder will be expected to deliver measurable social value outcomes against the agreed commitments, with performance monitored and reported throughout the life of the contract via the social value portal.

Equalities

9.29 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.

9.30 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.

9.31 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.32 The decision seeks approval to extensions to the current highway and street lighting works contracts, with adjusted estimated spends, together with approval for the procurement of a new contract.

9.33 By the inclusion of social value requirements via the TOMS framework within the new contract, this will ensure the Council achieves its wider social value objectives.

9.34 The key beneficial aspects of the works that the contractor will carry out include:

- Improved access to facilities including hospital and medical support centres, schools, libraries, and community centres that will benefit Haringey residents and visitors. especially those with protected characteristics such as older people, disabled people, and children.
- Safer roads with lesser congestion and reduced levels of pollution are likely to benefit people such as pregnant women, older and/or disabled people with respiratory illnesses.
- Improved lighting that will benefit all Haringey residents and specifically benefit some protected groups that are known to feel less safe at night

including women, young adults, older people and disabled people (particularly those who are visually impaired).

- Some works will involve measures to ensure the ongoing safe movement of all road users including temporary diversions and restrictions to the use of footways, However, such works will be complemented by measures to ensure the ongoing safe movement of all road users and having particular regards to disabled and visually impaired people.

9.35 As bodies carrying out a public function on behalf of a public authority, contractors will be required to have due regard for the need to achieve the three aims of the Public Sector Equality Duty, noted above. Arrangements will be in place to monitor the performance of the contractor and ensure that any reasonably possible measures are taken to address any issues that may occur that may have a disproportionate negative impact on any groups who share the protected characteristics.

10 Use of Appendices

Part B Appendix 1 – Draft Procurement Strategy – Highways and Street Lighting Term Maintenance Contract (**Exempt** – **Not for publication** by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

This appendix is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any person (including the authority holding that information).

11 Local Government (Access to Information) Act 1985

N/A