

**Report for:** Cabinet Member Signing 18<sup>th</sup> March 2016

**Item number:** 3

**Title:** Future Provision of Highways and Street Lighting Works

**Report authorised by :** Tracie Evans – Chief Operating Officer

**Lead Officer:** Ann Cunningham, Head of Traffic Management

**Ward(s) affected:** All

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

## **1 Describe the issue under consideration**

- 1.1 The Council's call-off arrangements through the London Highway Alliance Contract (LoHAC) has been in operation since June 2013. This contract has been used for the delivery of the Council's planned and reactive highways and street lighting works during the subsequent 3 year period. The original award of the works to the LoHAC contractor (Ringway-Jacobs) was for an initial 3 year period.
- 1.2 This report seeks a continuation of the LoHAC contract and discusses the development of a future procurement strategy which will include ongoing market testing in order to ensure that the Council continues to deliver high quality cost-effective planned highways, reactive highways and street lighting programmes.

## **2 Cabinet Member Introduction**

- 2.1 This report recommends that the current framework contract with Ringway-Jacobs to deliver the Council's planned and reactive works for Highways and street lighting be continued to be used while at the same time future procurement options are investigated to ensure that the Council continues to receive a high quality cost effective service for the delivery of these works.
- 2.2 The 2016/17 sustainable transport works programme together with an extensive programme of highways and street lighting maintenance will represent an investment of over £8.5 million.
- 2.3 In view of the ongoing commitment to improve the council's highway and transport infrastructure, it is essential that the contractual arrangements are in place to assure the successful completion of these programmes.

### **3 Recommendations**

- 3.1 That the Cabinet Member for the Environment approves:
- 3.2 The continued use of the LoHAC contract with Ringway Jacobs that will allow call-offs to be made for schemes within the Council's planned highways and street lighting works programmes over a period extending to March 2022, during which the LoHAC contract will remain in place.
- 3.3 A continuation to the use of the contract for reactive and cyclic maintenance works relating to highways, street lighting and drainage for up to 18 months.

### **4 Reasons for decision**

- 4.1 It is essential that adequate contractual arrangements are in place to ensure the delivery of the Council's annual planned and reactive works programmes.

### **5 Alternative options considered**

- 5.1 The Sustainable Transport Works Plan for 2016/17 will be the subject of a separate report which will detail proposals for an investment of more than £8.5 million on sustainable transport works.
- 5.2 The current report discusses the need to continue to utilise the LOHAC framework contract. At the present time there are no other viable options. However future procurement options to manage delivery risks and ensure the most cost effective strategy is adopted are also under investigation.

### **6 Background information**

- 6.1 The existing contract with Ringway–Jacobs for the delivery of all the planned, cyclic and reactive highways and street lighting works comprising of a combination of core services and task orders became operational in June 2013. The highways element of the contract covers all types of highways maintenance including planned works such as carriageway resurfacing, renewal of footways, traffic management schemes, reactive highways maintenance and gully cleansing. The street lighting elements include all new lighting schemes, illuminated signs and bollards, ducting and reactive street lighting. Current Member approvals for the use of this contract extend until June 2016.
- 6.2 The annual full year spends under this contract during the last 3 years are set out in the following table together with an indicative spend for the next financial year.

<u>Works type</u>	<u>Spend</u> <u>2013/14</u> <u>£000's</u>	<u>Spend</u> <u>2014/15</u> <u>£000's</u>	<u>Spend</u> <u>2015/16</u> <u>£000's</u>	<u>Forecast</u> <u>Spend</u> <u>2016/17</u> <u>£000's</u>
Highways – Reactive and Planned	8,500	5,100	3,800	3,800
Street Lighting – Reactive and Planned	800	800	3,400	800
Traffic and Road Safety Schemes	3,100	5,000	3,200	4,000
Total	12,400	10,900	10,400	8,600

## Background to the London Highways Alliance Contract (LoHAC)

- 6.3 The procurement process for this contract was managed by Transport for London, but with close co-operation of the London Boroughs. The successful bid for the North East sub-region that includes the London Borough of Haringey came from Ringway-Jacobs.
- 6.4 The Council joined the LoHAC framework by signing a “call-off” contract in June 2013. The form of call-off contract is the NEC3 Term Service Contract. Haringey is not obliged to order any works under this contract, but may issue specific orders for highway and street lighting works as it feels appropriate and can stop using the LoHAC framework at any time. The call off contract has also been used for works not on the public highway including estates managed by Homes for Haringey.

### Review of performance to date

- 6.5 There have been some concerns over aspects of the contractor’s performance as measured by a series of key performance indicators. This has resulted in the introduction of a performance improvement plan with targets monitored on a monthly basis.
- 6.6 Officers are also reviewing the specification of some of the core reactive and cyclical maintenance programmes to ensure that the most cost-effective approach is adopted.

## **7 Development of a future procurement strategy**

- 7.1 While it would be appropriate to seek a continuation to the current contractual arrangements, it is also proposed that other procurement options be investigated that would reduce the Council’s reliance on a single contractor and would also provide an additional incentive where performance and cost are concerned.
- 7.2 It is proposed to take the development of this strategy forward through an officer working party drawn from traffic management, procurement, and legal services. The process will include a review of the current market through informal liaison with other boroughs and industry consultation. Early feedback from some other authorities is that greater community benefits and lower costs may be obtained

by going to the market. An indicative timetable for this process and subsequent tender action is attached at Appendix A.

## **8 Contribution to strategic outcomes**

8.1 A review of the way in which highway and street lighting works are delivered is included in a tranche of initiatives within an improvement plan to help deliver Corporate Plan Priority 3 objectives, aimed at delivering a clean, well maintained and safe borough where people are proud to live and work. It will also support the delivery of Priority 4 driving growth and Regeneration as well as other cross cutting themes.

## **9 Comments of the Chief Finance Officer and financial implications**

9.1 The likely spend level expected within this contract is set out in Section 6.2 of this report. The allocated budget across revenue and capital is sufficient to fund this level of expenditure, although where the budget may vary due to the approval of the Councils long-term capital strategy or due to changes in external grant funding, the service will need to ensure spend is managed in line with any revised budget.

## **10 Comments of the Assistant Director of Corporate Governance and Legal Implications**

10.1 The procurement process for the LoHAC Framework contract was carried out in compliance with EU legislation) following the publication of an OJEU notice.

10.2 Haringey Council was named in the OJEU notice and it is therefore permissible for the Council to enter into call off contracts under the LoHAC Framework

10.3 The value of the call-off contracts for which approval to the continued use is being sought will exceed £500,000 and therefore the proposed extension may only be approved by Cabinet or Cabinet Member pursuant to CSO 9.06.1(d) and CSO 16.02

10.4 The Assistant Director of Corporate Governance confirms that, there are no legal reasons preventing Cabinet Member approval of the recommendations set out in paragraph 3 of the report

## **11 Comments of the Head of Procurement**

11.1 Procurement has been consulting with the Traffic Management Service to understand some of the issues relating to the provision of services within the LoHAC Framework and specifically those relating to Highways services.

11.2 The LoHAC Framework contract will continue to operate until March 2022 and therefore the Council is able to continue to utilise the Framework during this period. The Framework enables the Council to 'call off' planned works as required with no exclusivity arrangement. Therefore extending the planned works element does not commit the Council to using the framework if better value options are established.

11.3 However extending the reactive works element of the LoHAC Framework requires the Council to commit to using the current supplier for a specific term (in effect an exclusivity agreement). Limiting the reactive works extension enables procurement to identify best value going forward for these services.

11.4 Procurement supports the request to extend the current LoHAC Framework call-off arrangements as stated within this report and will work with the traffic Management Service to establish a procurement strategy that will deliver best value in relation to the Councils future works programme, both planned and reactive.

## **12 Equality**

12.1 Equality and diversity implications were considered as part of the initial TfL evaluation of tender bids for the LoHAC contracts and will be included in the tendering instructions for future contracts.

## **13 Use of Appendices**

Appendix A - Indicative Timetable for Development of Procurement Strategy

## Cabinet Member Signing – Future Provision of Highways and Street Lighting Works

### Appendix A - Indicative Timetable for Development of Procurement Strategy

Activity	Start Date	Period	Notes
Consultation with London Boroughs	March 2016	4 weeks	The objective is to determine the outcome of recent works procurement activity and chosen works packaging and any potential joint procurement opportunities
Consultation with Contractors via Prior Information Notice	April 2016	4 weeks	The objective is to determine industry views on the Council's proposed works packaging
Completion of packaging options assessment	May 2016	2 weeks	Works packaging to be finalised following assessment of combined feedback from London Boroughs and Works Contractors
Report to Assistant Director regarding recommended procurement strategy	May/June 2016	4 weeks	Approval to be sought in advance of formal tendering process
Tender Action	July 2016	To June 2017	Timeline will vary dependant on packaging of works