

**REPORT TO:** Executive Board Sub-Committee

**DATE:** 13<sup>th</sup> October 2011

**REPORTING OFFICER:** Strategic Director, Policy & Resources

**SUBJECT:** Extension to Term Contract for Highway Surface Treatments to 31<sup>st</sup> March 2017

**WARDS:** Boroughwide

## **1.0 PURPOSE OF THE REPORT**

1.1 To inform the Sub-Committee of the 5 year extension to the existing Term Contract for Highway Surface Treatments.

**2.0 RECOMMENDATION: That the proposed 5 year extension to the current Term Contract for Highway Surface Treatments, making its expiry date 31<sup>st</sup> March 2017, be approved.**

## **3.0 SUPPORTING INFORMATION**

3.1 The existing Term Contract for Highway Surface Treatments was awarded to Road Maintenance Services Limited (RMS) on 1<sup>st</sup> April 2007.

3.2 This contract is for the completion of preventative highway maintenance measures including surface dressing, slurry surfacing and micro asphalt treatment to the carriageway and footway network. These activities are specialist and therefore outside the scope of the Highway Maintenance Term Contract.

3.3 The value of work delivered through this contract is usually in the order of £295,000 per year.

3.4 This partnering contract was for a 5 year duration initially, and was a framework document based on a schedule of rates with no actual prescribed work. Works orders and annual works programmes are raised as necessary during the period of the contract. The contract includes an option to extend the duration by up to 5 years by agreement of the parties.

3.5 The use of a schedule of rates format and a works order system of procuring works allows for continuous alteration of the size and type of surface treatment, and allows for variations in funding allocations.

3.6 Road Maintenance Services Limited has met all of the quality thresholds set out in the existing contract, and their overall performance, in terms of quality, customer service and Health & Safety, has been deemed to be excellent.

- 3.7 Negotiations with Road Maintenance Services Limited have taken place regarding a potential contract extension, and this has led RMS to offer a 5% reduction in the original contract base rates for the duration of the 5 year extension.
- 3.8 The Procurement Team has been consulted throughout these negotiations it is happy to support the 5 year extension period on the revised financial terms.
- 3.9 Construction cost inflation is allowed for by including Variation of Price (VOP) clauses in the contract based on the DTi published cost indices..

#### **4.0 POLICY IMPLICATIONS**

- 4.1 None

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The 5% reduction in the original base rates will deliver savings to the Council.

#### **6.0 OTHER IMPLICATIONS**

- 6.1 No implications

#### **7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **7.1 Children and Young People in Halton**

No implications.

##### **7.2 Employment, Learning and Skills in Halton**

No implications

##### **7.3 A Healthy Halton**

No implications.

##### **7.4 A Safer Halton**

No implications.

##### **7.5 Halton's Urban Renewal**

No implications.

## **8.0 RISK ANALYSIS**

- 8.1 The process of Surface Treatment allows a low cost effective manner of maintaining the highway network to an acceptable standard by sealing against the ingress of water / frost and deferring the need to carry out very expensive structural maintenance.

## **9.0 EQUALITY AND DIVERSITY ISSUES**

There are no issues relating to equality or diversity.

## **10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None under the meaning of the Act.