

REPORT TO: Executive Board Sub-Committee

DATE: 26th January 2012

REPORTING OFFICER: Strategic Director, Policy & Resources

PORTFOLIO: Transportation

SUBJECT: Procurement of Highway Improvement & Maintenance Contract

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 In accordance with Procurement Standing Order 2.1, the purpose of this report is to provide advance information to the Sub-Committee regarding proposals to enter into a contract the value of which is likely to exceed £1,000,000.

2.0 RECOMMENDATION: That the Sub-Committee note the intention to procure a contract for delivery of works associated with improving and maintaining the highway network in Halton.

3.0 SUPPORTING INFORMATION

3.1 Works associated with improvement and maintenance of the highway network are currently delivered through two separate term contracts with Lambros (Paving Contractors) Ltd and Amey LG Ltd respectively.

3.2 The Highway Improvement Term Contract with Lambros was formed on 9th July 2007. The Contract was for an initial period of three years. This was however extended to July 2012 by approval of the Sub-Committee on 15th July 2011.

3.3 The Sub-Committee also resolved that in consultation with the portfolio holder, discussions be held with Lambros with a view to extending the Contract term by a further period of 8 months to 31st March 2013. This would make it easier to pursue the option of a single contract as it would synchronise expiry of both the Lambros and Amey Contracts. Discussions with Lambros will therefore be initiated to develop this resolution. The 8 month extension would require a waiver to Standing Orders and this will be forwarded in due course for future Sub-Committee consideration.

3.4 The Highway Maintenance Term Contract with Amey was formed on 1st April 2005. The Contract was for an initial period of five years and this too has been extended 31st March 2013 by approval of the Sub-Committee on 2nd April 2009.

- 3.5 The Highway Development and the Bridge & Highway Maintenance Divisions have identified that the two existing contracts share a number of common features and that there is the potential to procure a combined contract which could, through economies of scale, increase value for money in works delivery.
- 3.6 It has also been recognised that the opportunity to engage current forms of contract (as opposed to the older types of contract which now apply to the existing ones) and to rationalise works ordering and payment processes, will enhance efficiency and increase our ability to drive down costs.
- 3.7 Based upon current capital and revenue budgets, the value of works delivered through a new combined contract would be in the order of £3.5m/year. However, it has to be recognised that future reductions in capital grant and requirements to identify savings from revenue budgets will have implications for this.
- 3.8 In conjunction with HBC Procurement Centre of Excellence, opportunities for collaborative procurement with neighbouring authorities, either using a contract already in place or by involving partner authorities in the drafting, tender evaluation and administration of a potential shared / cross boundary contract have been and will continue to be investigated.
- 3.9 Any joint or collaborative arrangements will be subject to compliance with Procurement Standing Order 1.3.
- 3.10 In May 2011 the Audit Commission published the report "Going the distance - Achieving better value for money in road maintenance". This highlighted that better procurement and collaboration would deliver savings for many councils. The procurement method now proposed allows the Council to consider and adopt the recommendations of the Audit Commission report.
- 3.11 HBC Procurement Centre of Excellence will continue to be engaged during the development and procurement of the contract.
- 3.12 The portfolio holder for Transportation has been consulted and is satisfied with the recommendation of this report.

4.0 POLICY IMPLICATIONS

- 4.1 None

5.0 OTHER IMPLICATIONS

5.1 Value for Money

Implementation of a combined Highway Improvement and Maintenance Term Contract, invites increased efficiency through incorporation of modern contractual practice, economies of scale and through a new

competitive process. This should allow the Council to adapt more readily to the consequences of potential future reductions in capital grant and requirements to identify savings from revenue budgets.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

There are no direct implications arising from the recommendation.

6.2 Employment, Learning and Skills in Halton

There are no direct implications arising from the recommendation.

6.3 A Healthy Halton

There are no direct implications arising from the recommendation.

6.4 A Safer Halton

There are no direct implications arising from the recommendation.

6.5 Halton's Urban Renewal

There are no direct implications arising from the recommendation.

7.0 RISK ANALYSIS

- 7.1 The risk associated with failing to increase efficiency and value for money in the provision of highway improvement and maintenance is that service delivery in these areas could fail to satisfy statutory obligations or levels of public expectation.

8.0 EQUALITY AND DIVERSITY ISSUES

There are no issues relating to equality or diversity.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Notes of 15 th July 2011 Executive Board Sub-Committee	HBC Website & Intranet	Mike Bennett
Notes of 2nd April 2009 Executive Board Sub-Committee	HBC Website & Intranet	Mike Bennett