

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 10/09/2019

Subject:	Award of Traffic Signal Maintenance Contract		
Corporate Director(s)/ Director(s):	Chris Henning, Corporate Director Development and Growth		
Portfolio Holder(s):	Councillor Adele Williams		
Report author and contact details:	Liz Hiskens, Service Manager, Highways Network Management 0115 8765293		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: £5,000,000.00			
Wards affected: All	Date of consultation with Portfolio Holder(s): September 2018		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input checked="" type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input checked="" type="checkbox"/>
Jobs, Growth and Transport			<input checked="" type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<u>Current Traffic Signals Maintenance Contract</u>			
<p>Traffic signal junctions and pedestrian crossings must be maintained and inspected at regular time intervals. We have a duty as the responsible authority to ensure that the equipment used for the safe management of traffic is reliable and continues to operate as intended.</p> <p>The current contract for maintenance, and inspection was tendered collaboratively lead by Warwickshire County Council (WCC). The outcome of the exercise was that WCC, Coventry City Council (CCC), Solihull Metropolitan Borough Council (SMBC) and Nottingham City Council (NCC) all awarded their contracts to Siemens.</p> <p>The Council's current maintenance contract with Siemens will operate until the end of March 2020. A new contract is required to commence operation on 1st April 2020.</p> <p><u>Proposed new Traffic Signals Maintenance Contract</u></p> <p>WCC, CCC and NCC have jointly conducted a collaborative tendering process, again lead by WCC, on behalf of all three authorities and any other authorities (who may become interested during the process) subject to the approval of WCC.</p> <p>The collaboration will co-ordinate a competitive tendering process following the OJEU procedure and it is anticipated this contract will enable the Council to obtain a contract in relation to the Maintenance and Inspection Services of Traffic Signal Equipment and Intelligent Transport Systems as a core service. Further, the Supply and Installation of Traffic Signal Equipment and</p>			

Other Works as optional additional services.

It is currently intended that the new contract will provide the core and additional services for an initial period of 5 years, thereafter renewable by agreement by a maximum of a further two 1-year periods subject to satisfactory performance by the contractor.

An estimated contract value over the proposed seven years is up to £25,000,000 in total for the various authorities participating for which Nottingham City Council would be up to £5,000,000. Funds will be provided from the appropriate revenue budgets and capital schemes.

Proposed structure of new Traffic Signals Maintenance Contract

Upon successful completion of the collaborative procurement process, WCC will enter into the contract on behalf of itself and the other authorities. The Contract will state that the Contracts (Rights of Third Parties) Act 1999 shall apply for the benefit of CCC and NCC who shall be entitled to claim for any breach of the Contract by the contractor in so far as any such breach affects the rights, property, or interests of CCC or NCC.

The CCC and NCC will play a full part in the contract in relation to Traffic Signal Equipment Maintenance within their own areas. The authorities shall be responsible for supervising and administering the relevant works and/or services carried out in relation to their areas.

WCC will be contractually liable to the contractor under the Contract, including in relation to Traffic Signal Equipment Maintenance in Coventry and Nottingham. A back-to-back agreement will provide that CCC and NCC shall be liable to WCC for payment for Traffic Signal Equipment Maintenance in their own areas and any additional costs (administrative or related) of their own and of the contractor arising from their own orders.

The primary purpose for the back-to-back agreement is to ensure that all the authorities have one "Principal Contractor" to deliver the services of each authority; in principle agreed by the three authorities. Furthermore, this formalises the commitment and the respective roles and responsibilities in relation to the joint working arrangements of the contract. This aims to reinforce any collaborative advantage obtained over one "Principal Contractor" during the procurement process.

Exempt information: None

Recommendation(s):

- 1** To authorise The Head of Traffic to approve the award of the traffic signal maintenance contract to the successful supplier from the outcome of the collaborative OJEU tendering process conducted by WCC, NCC and CCC.
- 2** To authorise The Head of Traffic to sign the back-to-back agreement on behalf of NCC with WCC, which ensures access to core and additional services under the traffic signal maintenance contract.

1 REASONS FOR RECOMMENDATIONS

- 1.1 Award of the contract and back-to-back agreement with WCC ensures that the Council can continue to fulfil its duty in maintaining and inspecting traffic signal junctions, pedestrian crossings and other related on street equipment at regular intervals.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 WCC, CCC and NCC commenced talks to enter into a collaborative OJEU tendering process for a new traffic signal maintenance contract 1 year prior to the end of the current contract.
- 2.2 Portfolio holder and Director of Traffic & Transport was briefed on the background and intention to proceed with a collaborative OJEU tendering process at PHB Transport meeting by Head of Traffic on 4th September 2018 and authorisation to proceed was given as a result.
- 2.3 WCC hosted a supplier day in October 2018 where all authorities met with various potential suppliers to inform and exchange information regarding our intention to jointly tender for the new contract.
- 2.4 Feedback from suppliers was taken to inform on the form of WCC, CCC and NCC's joint tender process. Various discussions and agreements between the authorities have resulted in the tendering process entering the formal stages of publishing the OJEU notification by August 2019.
- 2.5 The award of the contract to the successful supplier from the OJEU tendering process is scheduled for December 2019 and after an appropriate period of mobilisation afforded to the supplier, the contract will commence on 1st April 2020.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 NCC has the option of tendering for the new traffic signals contract on its own however, this option was not taken, as the benefits of collaborative working would not be realised. The opportunity cost to NCC would be all the financial benefits, which would result from collective bargaining and economies of scale available in the market under a collaborative approach with WCC and CCC.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The report makes reference to Nottingham City Council's contract cost being £5m over 7 years. This is the maximum value of the contract as it contains both the potential expenditure for core services and an allowance for additional services. The values are not split equally across collaboration partners but calculated as to the appropriate value for each. The value of the Nottingham contract is based on costs over previous years with an additional contingency element to sure that the figure represents the maximum possible. Previous year's annual costs have been in the region of £360k and therefore this value and the budget available is believed to be sufficient. The core services element and certain critical additional services will be funded from the current Signal Control maintenance budget (£403,590 per year). The additional value covers costs which may arise from future capital works (which would be within each business case showing the available budget for any signal costs). Therefore there is sufficient funding available to meet the costs of this contract over the next 7 years as long as the signal maintenance budget is not subject to budget savings.

Advice provided by Susan Tytherleigh, Finance Business Partner

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The procurement team has no significant concerns with the recommendations set out in the report and will continue to work with the Client and Warwickshire County Council to ensure compliance with Public Contract Regulations.

Advice provided by Sue Oliver – Category Manager Places.

- 5.2 The City Council is working collaboratively with WCC and CCC with WCC taking the lead in running the procurement process to award the new contract for traffic signal maintenance. The proposal that the City Council is named as a third party beneficiary under the contract rather than to call off under a framework awarded by WCC or to enter into a separate but similar contract as awarded by WCC is not a typical solution adopted by the City Council. While the City Council can satisfy itself the contract will set out and provide for what is needed to deliver the City Council's maintenance requirements the City Council must ensure its back to back contract with WCC will oblige WCC to manage the contract effectively on the City Council's behalf. In particular, it must ensure the back to back contract does not permit WCC's to prioritise its needs over the City Council's. However it is understood from discussions with the report author and his team that the relationship with WCC for traffic maintenance has previously worked well.

Advice provided by Andrew James Team Leader, Commercial Employment and Education

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 Social value considerations are a part of the proposed Key Performance Indicators for fulfilment of the new traffic signals maintenance contract. Below is a quote regarding this KPI:

6.1.1 Social Value Initiatives

Description – While providing the provisions of this contract, the Supplier is to demonstrate actions and additional benefits it provides to the involved Authorities local Economy, Employment opportunities and Local Community initiatives

Measure – Based on promises made in the tender submission or pre-set objectives made by the Strategic Board during the contract term, the Contractor will evidence how these have been or are being achieved.

Assessment Period – Assessed Annually - Activity over the previous 12 months from the anniversary of the start date of the Contract.

Consequence - The result will aid in determining the three objectives which the KPI measures are in place for.

- 6.2 As NCC is not party to the contract, the 1% Apprenticeship levy will not apply to the back-to-back agreement with WCC.

7 REGARD TO THE NHS CONSTITUTION

- 8.1 Not applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 An EIA is not required because the core and additional services provided for under the traffic signals maintenance contract are a continuation of services supplied under the current traffic signals maintenance contract and do not represent an addition of new services other than innovations and improvements.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 OJEU Prior Information Notice – Traffic Signals and ITS – goods, works and services.