

Sustainable Communities Scrutiny Panel

4th September 2018

Wards: Borough wide

Re-procurement of Highways Service and Works Contract

Lead officer:

Paul McGarry, Head of FutureMerton

Lead member:

Councillor Martin Whelton, Cabinet Member for Regeneration, Housing & Transport

Project sponsor:

James McGinlay, Assistant Director for Sustainable Communities

Contact officer:

Gary Marshall, FutureMerton Infrastructure Manager

Recommendations:

1. To update the Panel on the timescale, scope and progress of the re-procurement of Merton's Highway service and works contract.
 2. That the panel receive a future report for pre-decision scrutiny in early 2019, prior to a new contract being agreed.
 3. That Scrutiny Panel make comments as they wish on the procurement process and contract generally.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To notify Council members of the upcoming procurement/contract opportunity of the Highway Service and Works Contract as this is a core service that the council has an obligation to provide.

2 DETAILS

- 2.1. Following the two-year extension granted to Merton's Council Highway Works and Service Term Contract, which ends 31st August 2019, Future Merton are undertaking the process of procuring a new Highway Contract, with an indicative start date of April 2019 and indicative contract commencement date of 1st September 2019.
- 2.2. The new Highway Service and Works Contract will be for an initial period of 7 years commencing on the 1st September 2019 with an option to extend by a further 3 years, subject to satisfactory performance.
- 2.3. Going out to full procurement gives the council the opportunity to tailor the scope of works/specification to meet its current needs and requirements while ensuring savings can be realised where possible and identifying any social value benefits.
- 2.4. Therefore, on the 6th July 2018, the procurement board approved the updated gateway 1 report to go out to procurement using the restricted procedure. The original strategy report/business case, was approved on the

15th March 2018, to use the Competitive dialogue to approach the market, however after discussions with legal and commercial services, it was agreed that the competitive dialogue would be too expensive for both the tenderers and the Council.

- 2.5. The Scope of Service that will be included with in the Highway Service and Works Contract can be seen below in Appendix 1

3 ALTERNATIVE OPTIONS

- 3.1. **Calling off the LoHAC Framework:** Due to the difficulties experienced by other local authorities (especially in the South) with regards to utilising the LoHAC framework agreement, the framework is currently not allowing new local authorities to call off it. As a result of this, the option of a call off is not considered a viable option.
- 3.2. Although, LoHAC2 is currently in the process of being procured, local authorities are unaware of its context and how this will differ from the original LoHAC framework and the proposed go live date is April 2021 which does not align with Merton's contract end date.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Soft market testing was undertaken in October/November 2017 where the following organisations supported this case study: FM Conway, JB Riney, Kenson Contractors, Volker Highways, Kier Highways, Croydon Council, TfL, Richmond/Wandsworth Councils and the London Borough of Waltham Forest.
- 4.2. Strategy report/business case, has already been circulated and approved by legal, finance and procurement board as part of the procurement board gateway 1 report procedure.
- 4.3. A market engagement event was carried out on the 2nd August 2018 to determine the market interest and a PIN notice (notifying the public of the Councils intention to go out to procurement) was published on the 7th July 2018.
- 4.4. After the tender exercise and a contractor has been identified following evaluation, the proposed award report will go through circulation and approval to procurement board, CMT, LSG and Cabinet, before the successful contractor is notified.

5 TIMETABLE

- 5.1. See Appendix 2 below for indicative timeline.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The indicative whole life value of the project is between £40m to £60m.
- 6.2. There is a dedicated procurement resource to manage the entire process from start to finish to help mitigate any potential challenge in relation to procurement.
- 6.3. There is a dedicated resource to assist with the drafting of the specification that meets the Councils requirements to ensure the right contractor is awarded.

- 6.4. The table below details the funding estimate spent within 2017/18 and 2018/19 on the Highway Service and Works existing contract.

	Est spend in 17/18	Est spend in 18/19
LBM Capital	2,848,500	2,844,500
TfL	2,532,545	995,000
S106	200,000	80,000
Total Capital Budgets	5,381,045	3,839,500
LBM Revenue	982,330	980,600
Total Revenue Budget	982,330	980,600
Total Spend/Budget	6,563,375	4,820,100

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. This is a core statutory service that the council has an obligation to provide

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no human rights or equalities implications.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. N/A

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. This will be covered in the procurement documents
- 10.2. Effective maintenance and improvement of the Highway Network will minimise insurance or injury risks to the Council by ensuring that the public highway is safe and serviceable

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- 11.1. Appendix 1 – Proposed Scope of Service
- 11.2. Appendix 2 – Indicative Procurement Timeline

12 BACKGROUND PAPERS –

- 12.1. Pothole Update / Information

APPENDIX 1

PROPOSED CONTRACT SCOPE (NOT EXHAUSTIVE)

- Structures including bridges, retaining walls, culverts, underpasses
- Pavement surfaces including carriageways, footways and footpaths and anti-skid (planned works and large patches)
- Drainage systems on carriageways and footpath and footways
- Traffic Management
- Street Furniture
- Traffic Schemes
- Emergency and non-emergency response (reactive works – this includes potholes)
- Road Markings
- Resource (Contractors plant, operatives, vehicles etc.)
- Professional Services
- Ad hoc, request only, ground maintenance

APPENDIX 2

INDICATIVE PROCUREMENT TIMELINE RE HIGHWAYS WORKS AND SERVICE CONTRACT

Activity	Date	Comments
Market warming	2 nd August 2018	Completed
Procurement documents deadline	25 th September	
Portal Prep/data room creation	10 th October 2018	
Final Specification/contract documents	24 th October 2018	
OJEU/SQ Publication/contract finder	5 th November 2018	
Clarification deadline	9 th November 2018	
Clarification response	12 th November 2018	
SQ deadline	19 th November 2018	
Evaluation/compliance checks	22 nd November 2018	
Selection notification	23 rd November 2018	
ITT Publication	29 th November 2018	
Clarification deadline	3 rd January 2019	
Clarification response deadline	8 th January 2019	
ITT Return deadline @ 12noon	18 th January 2019	
Evaluation deadline	8 th February 2019	
Moderation meeting	11 th February 2019	
Procurement board	12 th February 2019	Verbal update
CMT Approval	5 th March 2019	
LSG Approval	11 th March 2019	
Cabinet board	25 th March 2019	
Scrutiny	March 2019	
Standstill Letter	April 2019	
Contract start (Mobilisation)	May – August 2019	
Contract Commencement	September 2019	

This page is intentionally left blank