

## **Sustainable Communities Overview and Scrutiny Panel**

**26 February 2019**

Wards: Borough wide

### **Reprocurement of Highways Services, Maintenance 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:**

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1. To update the Panel on the timescale, scope and progress of the re-procurement of Merton's Highway Services and Works contract.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report follows on from the report to the Panel on 4<sup>th</sup> September 2018 setting out the procurement process and indicative scope of the Highway Services Contract.
- 1.2. The notes of the meeting and member discussion are available to view at
- 1.3. <https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=157&MId=3153&Ver=4>

## **2 DETAILS**

- 2.1. Following a two-year extension granted to Merton Council's Highway Works and Service Term Contract, which ends 31<sup>st</sup> August 2019, Future Merton have now started the process of procuring a new Highway Contract, with an indicative contract start date of start date of June 2019 and indicative contract commencement date of 1<sup>st</sup> September 2019.
- 2.2. The new Highway Service and Works Contract will be for an initial period of 7 years commencing on the 1<sup>st</sup> September 2019 to September 2026 with an option to extend by a further 3 years to 2029, 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 of the service, while ensuring savings can be realised where possible and

identifying any social value benefits. The revised scope also accounts for integration with the Council's new digital asset management system which will drive further efficiencies in mobile working and inspections.

2.4. An indicative Scope of Service was presented to the Panel on 4<sup>th</sup> September 2018. In the intervening period, the team have developed a full service specification for the procurement; attached as Appendix 1 to this report.

2.5. The Appendix is a confidential paper as the Council is in the ITT process.

### **3 ALTERNATIVE OPTIONS**

3.1. None for the purpose of this report - discussed on 4<sup>th</sup> September 2018

### **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. A market engagement event was carried out with potential bidders on the 2<sup>nd</sup> August 2018 to determine the market interest and attract a wider range of bidders on the market.

4.3. 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**

<b>Activity</b>	<b>Date</b>
OJEU/SQ/Contract Finder Publication	1 <sup>st</sup> – 4 <sup>th</sup> February 2019
Clarification deadline	15 <sup>th</sup> February 2019
Clarification response deadline	19 <sup>th</sup> February 2019
SQ Return deadline	28 <sup>th</sup> February 2019
SQ Evaluation deadline	8 <sup>th</sup> March 2019
SQ outcome notification & ITT Publication	11 <sup>th</sup> March 2019
ITT Clarification deadline	5 <sup>th</sup> April 2019
ITT Clarification response deadline	10 <sup>th</sup> April 2019
ITT Response deadline	19 <sup>th</sup> April 2019
ITT Evaluation deadline	3 <sup>rd</sup> May 2019
CMT Report Approval	7 <sup>th</sup> May 2019
Procurement board	14 <sup>th</sup> May 2019
LSG/Cabinet Approval	15 <sup>th</sup> May 2019
Standstill notification	16 <sup>th</sup> – 26 <sup>th</sup> May 2019
Pre contract meeting	27 <sup>th</sup> – 29 <sup>th</sup> May 2019
Contract start & Mobilisation	1 <sup>st</sup> June - 31 <sup>st</sup> August 2019
Contract commencement	1 <sup>st</sup> September 2019

## **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. The table below details the funding estimated spent within 2017/18 and 2018/19 on the Highway Service and Works existing contract.

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

## **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. None for the purposes of this report.

## **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 (Commercially Confidential)

## **12 BACKGROUND PAPERS –**

- 12.1. None

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