

HIGHWAYS SERVICES CONTRACT EXTENSION

To: **Highways and Community Infrastructure Committee**

Meeting Date: **1st September 2015**

From: **Executive Director - Economy, Transport and Environment**

Electoral division(s): **All**

Forward Plan ref: **2015/006** *Key decision:* **Yes**

Purpose: **To consider an extension of the existing Highway Services Contract with Atkins/Skanska until 31st March 2017.**

Recommendation: **It is recommended that the Committee:-**

- i) Approves the extension of the existing Highway Services Contract with Atkins/Skanska until 31st March 2017 and commence the new Highway Service on 1st April 2017.**
- ii) Authorises the Head of Assets and Commissioning, in consultation with the Director of Law, Property and Governance to prepare, agree and complete all necessary documentation to implement this decision.**

<i>Officer contact:</i>	
Name:	Tom Blackburne-Maze
Post:	Head of Assets and Commissioning
Email:	Tom.Blackburne-maze@cambridgeshire.gov.uk
Tel:	01223 699772

1. BACKGROUND

- 1.1 The existing Highways Services Contract was awarded to Atkins in 2006 and later assigned by Atkins to Skanska in 2013. The contract provides for the Council's routine and on-going maintenance, together with capital maintenance and improvements, and provision of professional services, such as transport planning. The contract is for a fixed period of ten years duration, and expires on 3rd September 2016.

2. MAIN ISSUES

- 2.1 At the Committee's meeting in April, Members approved the preferred future highway services option of identifying a long term strategic partner to provide the greatest opportunity for long term benefits to the Authority and its communities to deliver the desired service outcomes and the Council's future operating model.
- 2.2 It is essential that the County Council identifies a service provider which can demonstrate organisational values that are compatible with the County Council's values and competencies that will ensure service delivery performance and ability to achieve future financial savings. Work undertaken has shown that a traditional output based procurement process will not achieve these benefits and, as such, it will be necessary to assess different service providers' competencies based on achieving outcomes and flexibility in order that the County Council will be able to differentiate between the providers' abilities and select the right partner for the County Council. However, the time required to deliver this work would mean that a new provider could not be in place in time for the end of the current contract.
- 2.3 In order to provide sufficient time to ensure that the right partner is selected to meet the Council's intended outcomes and provide flexibility to change through the life of the Contract, it is necessary to extend the existing contract by a limited period.
- 2.4 A traditional procurement could be undertaken in six to eight months enabling a four to six months mobilisation period before commencement on 4th September 2016. However, to undertake a more comprehensive process (known as a competitive dialogue process), a period of nine to twelve months is recommended. Whilst this could be shortened, it would require the removal of at least one of the dialogue periods which would reduce the opportunity to properly ensure the right partner has been selected, increasing the risk issues emerging through the early stages of the contract. It has been known to commence new contracts with short mobilisation periods but the risks of being able to successfully deliver the service are much greater and would require risk being transferred to the Authority during the initial contract period. IT systems need to be installed and integrated, plant and materials need to be purchased and supply chains appointed.
- 2.5 Officers are of the opinion that an extension period of seven months until 31st March 2017 would be an appropriate period to allow sufficient time to undertake an effective competitive dialogue procurement process and minimise the risks to the Authority. An indicative programme is attached in **Appendix 1**. A shorter extension period would reduce the mobilisation period and, from an operational point of view, would create

complex problems by commencing the new contract midway through the winter maintenance season, leading to additional costs and potential service continuity issues.

- 2.6 The existing contract doesn't contain an option for extension beyond the 3rd September 2016 and as such, the opinion of legal Counsel has been sought to advise on whether it would be legally permissible for the County Council to extend the Contract within the provisions of the Public Contracts Regulations 2015 (PCR 2015). A copy of the confidential advice obtained from Counsel is available for Members' consideration.
- 2.7 In summary, Counsel has confirmed that an extension is possible within the relevant regulations.
- 2.8 Members have recognised through the annual reporting process that the standard of service that we currently receive from the Council's existing contract with Atkins/Skanska is acceptable. Officers have therefore approached Atkins/Skanska to ask for their consideration of a contract extension. Both organisations have informed the Council that they are happy to extend the existing arrangement. Their responses are attached in **Appendices 2 and 3.**

3. PREFERRED OPTION

- 3.1 In order to offer the Council the best opportunity to secure a future Highway Services solution that will deliver our long term outcomes and remain flexible through times of financial challenge, the preferred option is to procure a new Service to commence on 1st April 2017 and extend the existing Highway services contract until 31st March 2017.
- 3.3 If approved, the Council will publish a Voluntary Ex Ante Transparency (VEAT) notice to publicise this intention and an OJEU notice to advertise that the new service will commence at the same point.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- Maintaining and improving road infrastructure has been identified as a key priority for the continued development of the local economy
- Procurement of a new Highway Services Contract will provide a key means of delivering highways services that support existing investment programmes

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The following bullet points set out details of significant implications identified by officers:

- There are no significant implications for this priority.

5.2 Statutory, Risk and Legal Implications

The following bullet points set out details of significant implications identified by officers:

- A VEAT notice will be issued to publicise this intention.

5.3 Equality and Diversity Implications

There are no significant implications within this category.

5.4 Engagement and Consultation Implications

There are no significant implications within this category.

5.5 Localism and Local Member Involvement

There are no significant implications within this category.

5.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Highways & Community Infrastructure Committee papers April 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=11418 or Room 117, Shire Hall

APPENDIX 1**Indicative Procurement Programme**

Activity	Start	Finish
Produce outline service specification	13 th July, 2015	30 th Sept, 2015
Draft Pre Qualifying Questionnaire (incl PQQ Guidance Document)	20 th July 2015	30 th Sept, 2015
Prepare draft OJEU notice & ISOS	1 st July 2015	30 th Sept 2015
Draft terms & conditions of contract (T&Cs)	14 th July 2015	30 th Sept 2015
Seek agreement to extend current contract from H,C & I Committee	1 st Sept 2015	1 st Sept 2015
Issue VEAT notice and OJEU Contract Notice plus PQQ and ISOS (incl outline specification draft T&CS)	1 st Oct 2015	1 st Oct 2015
Evaluate PQQs and shortlist to three bidders	13 th Nov, 2015	10 th Dec 2015
Gain agreement from H, C & I Committee to take three bidders through to dialogue	1 st Dec 2015	1 st Dec 2015
Issue ISOS	1 st Feb 2016	1 st Feb 2016
First Dialogue Session	7 th March 2016	18 th March 2016
Evaluate Outline Solution	18 th March	28 th March
Issue Invitation to Submit Detailed Solution	28 th March 2016	28 th March 2016
Evaluate Detailed Solutions	9 th May 2016	27 th May 2016
Further dialogue	13 th June	17 th June 2016
Issue invitation to submit final bid	20 th June 2016	20 th June 2016
Evaluate final bid	1 st Aug	12 th Aug
Identify preferred bidder	19 th Aug 2016	19 th Aug2016
Obtain permission to award contract from H, C & I Committee	Aug 2016	Aug 2016
Award contract	1 st Sept 2016	1 st Sept 2016
Mobilisation	1 st Sept 2016	31 st March 2017
New contract commences	1 st April 2017	

Appendix 2

Atkins correspondence;



Appendix 3

Skanska correspondence;

SKANSKA

Mr J. Onslow,
Director of Infrastructure Management and Operations
Cambridgeshire County Council
Box No SH1206
Room 209
Shire Hall
Cambridge
CB3 0AP.

TBM to mts/kes
JA
Skanska Construction UK Ltd T/A
Skanska Infrastructure Services

Mail Wellbrook Court
Gilton Road
Cambridge
CB2 3NA

Phone +44 (0)1223 785165
Fax +44 (0)1223 277628
Direct: Andrew.denman@skanska.co.uk

Web: www.skanska.co.uk
Reg. in England
Reg. No 00161438

Date: 26th June 2015

Dear John,

Re : Delivering the Highways Services from 4th September 2016 to 31st March 2017

Following discussions with Tom Blackburn-Maze and Richard Lumley, I would like to formally confirm our position with regards to delivering work associated with the Highways Services contract beyond the contract end of 4th September 2016.

Skanska would honour the existing agreement for the period 4th September 2016 to 31st March 2017 and will continue to deliver the Services for this period under the 2016 Highways Maintenance Contract terms and conditions.

During this period, we will continue to drive improvement, efficiencies and employ innovation demonstrated during the last nine years.

Any price variations that we may experience can be addressed through the existing arrangements. We will continue to strive at minimising such costs, returning benefits to the authority.

We appreciate the added benefit of extending the service to coincide with the end of the financial year in terms of accounting and programme delivery. We therefore fully support this proposal and look forward to continuing our successful partnership for this extended period. You have our assurance we will continue to deliver the service in the same manner as the existing contract.

Should you wish to discuss this further, I would welcome the opportunity to meet with you.

Yours sincerely,



Andrew Denman
Contract Director
Skanska

Registered Office: Maple Cross House,
Dunham Way, Maple Cross, Rickmansworth, Hertfordshire, W3 9SW.