

Decision Maker: Executive

**For Pre-Decision Scrutiny by the Environment PDS Committee
on 25th June 2013 and Executive & Resources PDS Committee
on 18th July 2013**

Date: 24th July 2013

Decision Type: Non-Urgent Executive Key

Title: LONDON HIGHWAYS ALLIANCE CONTRACT

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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: All

1. Reason for report

This report presents the results of a tender exercise for the London Highways Alliance Contract and recommends that the Council make use of the contract where it demonstrates best value.

2. **RECOMMENDATION(S)**

That the Executive agrees to make use of the London Highways Alliance Contract and in appropriate cases enter into contracts with Enterprise Mouchel where it represents best value for money.

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council Quality Environment
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Financial

1. Cost of proposal: Up to £1.5m
 2. Ongoing costs: Up to £1.5m
 3. Budget head/performance centre: Capital programme
 4. Total current budget for this head: Between £1.2m and £1.5m
 5. Source of funding: TfL LIP and Principle Road network funding
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Staff

1. Number of staff (current and additional): 6
 2. If from existing staff resources, number of staff hours: 6fte
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Potentially all users of the Borough's highways network
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: n/a

3. COMMENTARY

3.1 Highways Term Maintenance contracts were awarded to FM Conway (major works) and O'Rourke Construction (minor works) in 2010 for a period of 7 years. A new pan-London highways contract has recently been prepared which will offer an alternative method of procuring works in the future.

Background

3.2 The London Borough of Bromley, as the Highway Authority, is responsible for the repair and maintenance of 856 miles (1370km) of footways, and 552 miles (842km) of carriageways. With its extensive highway network, Bromley has always been able to secure competitive rates for their highway maintenance schemes, due to the way in which previous contracts have been packaged. Companies with appropriate experience in highway maintenance and the necessary resources are attracted by the value, duration and continuity of work offered by the contract, which facilitates competition within the market.

3.3 The Council employs specialist contractors to undertake highway maintenance works, under two main contracts; the Major Works contract was awarded to FM Conway and the Minor Works contract to O'Rourke Construction in 2010 for a seven year term.

3.4 The Minor Works contract deals with the day-to-day repairs needed to keep the highway network in a safe condition for pedestrians, cyclists and motorists. This includes filling potholes, replacing broken paving slabs and replacing damaged street furniture. The construction of vehicle crossings, small traffic safety schemes and other similar works are also included in the contract.

3.5 Planned highway and traffic projects in the borough fall into three categories;

- (i) Revenue funded maintenance projects
- (ii) Local Implementation Plan (LIP) projects funded by TfL
- (iii) Major projects part funded by LBB/TfL

3.6 These projects have traditionally been implemented by one of the Council's term contractors: FM Conway for larger schemes; or O'Rourke Construction for minor traffic and drainage schemes. Both of these contracts were awarded to implement the borough's revenue funded maintenance programmes, with the option of including capital and LIP funded projects.

3.7 TfL has recently recommended that the LoHAC contract is used for projects funded by TfL, where it offers better value.

3.8 Additional contracts have been let for street cleaning, gully cleaning etc, although there are occasions where specialist works are required which are not included within any of our existing contracts. As the LoHAC contract includes all work types, its use in the future could avoid the need to let further contracts.

London Highways Alliance Contract

3.9 The London Highways Alliance Contract (LoHAC) is a pan London contract for a range of highway related works on all Transport for London (TfL) and Borough roads. Under the LoHAC umbrella four Framework Alliance contracts have been let on behalf of all London authorities, covering four geographical areas; North East, North West, Central and South London.

3.10 The South London Contract, covering Bromley, Bexley, Greenwich, Lewisham, Croydon, Sutton, Merton & Kingston-upon-Thames, has been let to Enterprise Mouchel for a period of eight years, following a compliant tender process.

3.11 The contract is comprehensive, and includes:

Safety Inspections
Design Services
Highway maintenance
Traffic Signs
Road Markings
Drainage
Street Lighting
Fencing
Horticulture, Arboriculture, Landscaping and Ecology
Street Cleaning
Bridges and other Structures
Winter Service
Emergency Call-Out Service

3.12 Members will recall that the LoHAC contract was assessed in 2012 when the new street lighting contract was being awarded. At that time it was not found to be as competitive as the tenders received from our own tendering process.

3.13 The new South London contract started in April 2013 and is currently being used by TfL and the London Borough of Kingston-upon-Thames. Other London boroughs are considering its use either for highways maintenance schemes when their current contracts are renewed, or to implement capital funded projects. The contract has been prepared in such a way as to provide additional discounts as and when other London boroughs join the contract or work volumes increase.

3.14 It is proposed that a call-off contract is formed with Enterprise Mouchel under LoHAC, and that in the first instance its use is considered for capital funded projects where it offers better value than our existing contracts or for projects not within the scope of existing arrangements.

3.15 As the LoHAC is a framework arrangement, forming a contract will not commit LB Bromley financially or require LB Bromley to order works from Enterprise Mouchel, though there appears to be a growing expectation from TfL that LoHAC contractors will be used for work they fund, unless local arrangements offer demonstrably better value.

4. POLICY IMPLICATIONS

4.1 The borough's carriageways and footways have a high profile and are used by most residents and businesses on a daily basis. Maintaining these assets will contribute to the Council's vision of providing a place where people choose to live and do business and links well with policy priorities of a quality environment, vibrant thriving town centres and supporting independence/ safer communities.

4.2 The Environment Portfolio Plan 2013-16 includes the key aim of maintaining roads, pavements and street lighting in a good condition

5. FINANCIAL IMPLICATIONS

- 5.1 Planned maintenance works for Borough roads are funded from the annual revenue highway maintenance budget and the existing contractor will continue to be used to undertake these works.
- 5.2 In addition to the revenue funding, resources to undertake the maintenance works to the Principle Road Network and to implement traffic and road safety schemes are provided by Transport for London. The annual budget for these works varies, but is usually between £1.2m and £1.5m.
- 5.3 It is proposed to carry out an options appraisal for future works funded by TfL and capital monies, comparing prices from the LoHAC contract to prices supplied from the existing contractors in order to achieve the best Value For Money. Only where the LoHAC contract provides the best Value for Money option, will it be used to undertake these works.

6. LEGAL IMPLICATIONS

- 6.1 Under the Highways Act 1980 the Council as Highway Authority has duties to ensure the safe passage of users of the highway and to maintain the highway.

7. PROCUREMENT IMPLICATIONS

- 7.1 This report is provided in line with the Council's Contract Procedure Requirements, and accurately reflects the procurement strategy resulting from discussions between the service area and corporate interests, including Procurement, Legal and Finance.
- 7.2 The procurement strategy identified is designed to give the optimum level of flexibility in terms of the need to ensure the delivery of a cost efficient service while providing for the Council's policy aims, including those around sustainability issues such as apprenticeship opportunities.
- 7.4 A considerable amount of resource and funding has been provided by Capital Ambition and Transport for London (TfL), to develop a London Wide Framework Contract which will offer both clients and contractors the opportunity to benefit from the potential economies of scale a regional contract might offer.
- 7.5 The use (or at least consideration) of these type of arrangements is endorsed as best practice by the Government Procurement Service (formally Buying Solutions), and London Councils who have considered the matter as part of reviews completed on the management of this (and other) categories of work.
- 7.6 As the LBB Highways Maintenance contracts were let in April 2010, this did not allow consideration of the LoHAC tender as part of the Council's option appraisal process. Pragmatically providing for both outcomes to be considered side by side will allow the Council to be able to access the appropriate information to come to a best value for money decision.

Non-Applicable Sections:	Personnel implications
Background Documents: (Access via Contact Officer)	ES10043 - Highways Maintenance Contract Acceptance Report