

## Road Services Term Service Contracts Period: 11 August 2012 to 31 March 2013

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### Finance and Resources Committee

25 September 2012

#### Purpose of report

- 1 This report seeks approval for the proposed procurement approach to the Council's Road Services Term Service Contract's and provides contract extension details.

#### Main report

- 2 The Road Services Team has seven Term Service contracts currently in place for various requirements including repairs to road and footpath surfaces.
- 3 The Team has been working with the Commercial & Procurement Team and Mott MacDonald, the Procurement Partner to develop a Council wide procurement strategy which builds in new NEC3 (New Engineering Conditions) Contract Conditions and ensures that having integrated Roads and Transport in March 2012, the new combined service has an integrated approach to procurement.
- 4 The proposed procurement strategy, which was agreed at a workshop facilitated by the Commercial and Procurement Unit will consolidate the Road Services requirements (£4.5m pa) with that of the New Works Team (£7.5m pa) in Transport, the Street Lighting requirements (£4.5m pa) and capture other ad hoc similar requirements as required by other teams across the Council.
- 5 Due to the extensive and complex changes required to be built into the new contract the contract specification has taken longer to develop than was anticipated. Contract extensions beyond the provisions of the current contract have therefore been required in order to provide the Roads Services Team with contractual coverage until a new contract is put in place.
- 6 During contract extensions, the current contracted suppliers were asked to submit revised pricing in which most contractors offered price reductions of up to 20% from their previously tendered prices. The latest extension has been agreed up to 31 March 2013 when the new contract is expected to commence.

- 7 While this is not an ideal situation, the risk of a procurement challenge is relatively low, as the Council is taking the necessary steps to competitively tender these requirements in the near future.
- 8 This procurement strategy will deliver better value for money through aggregation of spend, simplification of contract management and enhanced project planning. The total expenditure will also be divided into a number of lots which will encourage greater competition and attract small to medium sized enterprises (SME's) to bid.

### **Financial Implications**

- 9 The cost of the extension is estimated at £2,500,000 between 11 August 2012 and 31 March 2013. The Council has allowed term contractors to submit revised pricing for this additional extension period which is expected to deliver savings of £112,000 in addition to the £64k savings realised via the previous extension between 1 June 2012 and 10 August 2012.

### **Equalities Impact**

- 10 There are no equalities issues arising from this report.

### **Environmental Impact**

- 11 There are no adverse environmental impacts arising from the outcome of this report. If the proposed extension is not granted then the environmental impact of the Council not being able to repair roads and pavements will be considerable.

### **Recommendations**

- 12 The Committee is requested to approve the procurement approach to the Council's Road Services and Transport contracts as detailed in the report.

**Mark Turley**  
Director of Services for Communities

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Appendices	None
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Wards affected	All
Single Outcome Agreement	N/A
Background Papers	None *