

REPORT TO: CABINET MEMBER : TECHNICAL SERVICES
CABINET

DATE: 30th JUNE 2010
8TH JULY 2010

SUBJECT: RENEWAL OF MINOR WORKS SERVICE CONTRACTS
AND THE ROUTINE MAINTENANCE OF BRIDGES AND
STRUCTURES CONTRACT

WARDS AFFECTED: ALL

REPORT OF: PETER MOORE, ENVIRONMENTAL AND TECHNICAL
SERVICES DIRECTOR

CONTACT OFFICER: STEPHEN BIRCH SMBC
PAUL SCOTT SMBC
PAUL GROGAN CAPITA SYMONDS

EXEMPT/CONFIDENTIAL: NO

PURPOSE/SUMMARY:

1. To advise members on the proposals for the renewal of the Service Contract No. 6 for Minor Highway Works and the Contract for the Routine Maintenance of Bridges and Structures.
2. To seek approval from Members to extend the existing service contracts with Wrenco (Contractors) Ltd., Westshield Limited (Service Contract 6) and Wrenco (Contractors) Ltd (Bridges & Structures) until new contractual arrangements are in place, for a period not exceeding 12 months.

REASON WHY DECISION REQUIRED:

Both the existing Service Contract No. 6 and the Contract for the Routine Maintenance of Bridges and Structures are due to end on 31 July 2010. A renewal of all minor works / service contracts and procurement methods is in progress, with the aim of being in place on 1st April 2011. To enable the continued implementation of urgent bridge and structure maintenance, LTP highways schemes, other Sefton funded schemes and works for third party clients within required time scales, it is proposed that the existing contracts are extended for the interim period. This period not to exceed a maximum of 12 months to allow for any delay in awarding the new contracts.

RECOMMENDATION(S):

It is recommended that the Cabinet Member:

- a) Notes the contents of the report and supports the recommendations for Cabinet.

It is recommended that the Cabinet:

1. Notes the proposals for the renewal of the stated contracts which may include minor amendments.
2. Approves the extension of the existing Service Contract No. 6 and the Contract for the Routine Maintenance of Bridges and Structures for a period not exceeding 12 months in order to provide continuity for works implementation until the new contractual arrangements are in place.
3. Waives Contract Procedure Rule No. 4 as regards Invitation to Tender to allow the extension of the contracts.

KEY DECISION: NO

FORWARD PLAN: NOT APPLICABLE

IMPLEMENTATION DATE: 1st AUGUST 2010

ALTERNATIVE OPTIONS: The alternative is that the existing contracts are not extended. In this scenario, each element of work would be subject to a separate tendering exercise. This would lead to delays in commencing work and unacceptable additional costs for procurement.

IMPLICATIONS:

Budget/Policy Framework: None.

Financial: The existing rates within the Service Contract 6 and Routine Maintenance of Bridges and structures Contract may be increased as appropriate in accordance with DTI indices and conditions of contract. All works undertaken within the terms of these contracts are within approved budgets.

Legal: Since the value of the extensions to the contracts may exceed £150,000 in value, it will be necessary to seek authority to waive Contracts Procedure Rule No. 4 as regards the invitation of tenders.

Risk Assessment: NO SIGNIFICANT RISKS ASSOCIATED WITH THIS REPORT. Each scheme is awarded on an individual basis, within an approved budget, so there is no long term contractual obligation.

Asset Management: NOT APPLICABLE

CONSULTATION UNDERTAKEN/VIEWS

FD 446 The Head of Corporate Finance & Information Services has been consulted and has no comments on this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT -

Cabinet Member :Technical Services Report 25 September 2002
 Cabinet Member :Technical Services Report 13 July 2006 – SC6
 Cabinet Member :Technical Services Report 13 July 2006 - RMBS

1.0 BACKGROUND

- 1.1 Two contracts were put out to tender and awarded to run from August 2006:
- a) Minor Highway Works Contract No. 6 (approx. value £750,000 per year) to run from 1st August 2006 to 31st July 2010
 - b) Routine Maintenance of Bridges and Structures Contract (approx. value £100,000 per year) also to run from 1st August 2006 to 31st July 2010.

The contracts operate on a Target Cost basis for reimbursement to the contractor. The principles for this form of contract procurement are in line with recent guidance from the Centre for Construction Innovation. The contracts also include Key Performance Indicators to monitor specific elements of the contractor's performance and to encourage a process of continued improvement during the course of the contract period.

- 1.2 A review of the current contracts has been undertaken to determine whether any amendments should be made to the contracts should they be extended. The review considered details of the contract clauses and the details of the payment mechanism. Some minor amendments are recommended and these are noted in section 1.3 below. It should be noted that the current contracts are operating successfully and provide good value for money and performance.

- 1.3 Recommended amendments:

Current Contract	Recommended amendment	Reason for amendment
Period of maintenance liability for contractor is 4 weeks	Period of maintenance liability for contractor to be 52 weeks	Typo error. 52 weeks is period being used.
2 week period for contractor to remedy defects starts at end of maintenance liability period.	Change start of 2 week period to when defect is notified	Speeds up rectification of defects
Contractors share range commonly known as pain/gain mechanism apportions the financial liability to the Council and Contractor for difference between actual cost and target cost	Review share range and change if appropriate	To apportion the financial liability to the Council's advantage.
No retention	Introduce retention	Originally no retention used due to length of contract and long term relationship with contractor. For extension, contract period would be short.
Bill of Quantity rates have been increased in line with construction indices during the period of the contract (as noted in the contract)	Freeze rates at current level.	Reduces outturn costs to the Council

The above proposals are designed to provide better value for money to the Council and improved performance. These proposals are subject to agreement with the existing contractors. None the less the contracts can be extended in their current form or with partial amendment.

- 1.4 Contract Procedure Rule 4 details the procedures to follow when the contractors to be involved are determined by a reply to a public notice. In this instance the names of the contractors are known and no involvement by other contractors is required. Therefore no public notice is required and Contract Procedure Rule 4 should be waived.
- 1.5 The process of delivery for all minor works/ service contracts is being reviewed and this may result in a different suite of contracts commencing on 1st April 2011. For this future stage, a selection process will be used to choose appropriate contractors and it is intended to promote the use of local contractors who utilise local labour solutions.
- 1.6 To enable the continued implementation of bridge and structure maintenance, LTP schemes and works for third party clients within required timescales, it is proposed that the existing contracts are extended for the interim period (not exceeding 12 months) until the new contracts are brought into effect.

The continued operation of the existing contract provides an efficient way of delivering minor works with reduced lead in times and procurement costs.

2.0 RECOMMENDATIONS

- 2.1 That the Cabinet Member notes the contents of the report and supports the recommendations for Cabinet.
- 2.2 That the Cabinet notes the proposals for the renewal of the stated contracts which may include minor amendments.
- 2.3 That the Cabinet approve the extension of the existing Service Contracts for a period not exceeding 12 months to provide continuity for works implementation until the new contractual arrangements are in place.
- 2.4 That Contract Procedure Rule No. 4 as regards Invitations to Tender is waived to allow the extension of the contracts.

PETER MOORE, ENVIRONMENTAL AND TECHNICAL SERVICES DIRECTOR