

Report to:	Cabinet	Date of Meeting:	5 October 2023
Subject:	Extension of Highway Maintenance Contracts		
Report of:	Assistant Director of Place (Highways and Public Protection)	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Locality Services - Deputy Leader		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To seek approval to extend five Highway maintenance service contracts, in accordance with the options available in the tender awards.

Recommendation(s):

That Cabinet:

- (1) Agree to extend Highway Term Maintenance Contracts HM01 (Carriageway resurfacing), HM08 (Surface treatments) and HM10 (Highway Maintenance) until the end of the available contract period in 2026.
- (2) Agree to extend HM20 (Street Lighting Installation and Maintenance) Contract until 31/03/26.
- (3) Agree to extend the Intelligent Transport Systems (ITS) Contract until 31/03/25.
- (4) Authorise the Assistant Director of Place (Highways & Public Protection), in consultation with the Chief Legal and Democratic Officer, to formally extend the contracts in accordance with the agreed contract conditions.
- (5) Authorise the Assistant Director of Place (Highways & Public Protection), in consultation with the Chief Legal and Democratic Officer and Cabinet Member Locality Services, to negotiate any further extensions that may be available for HM20 and the Intelligent Transport Systems (ITS) Contract, ensuring best value for the Council.

Reasons for the Recommendation(s):

To allow continuity of work and ensure that projects are delivered on time and within budget provision.

Alternative Options Considered and Rejected: (including any Risk Implications)

The contracts could be re-tendered. Due to uncertainty in the market, this could mean a significant increase in rates which may affect our ability to deliver projects on budget.

Extending existing contracts will also allow continuity of work and enhance our ability to deliver high profile projects such as the Street Lighting LED scheme, thus maximising carbon end energy savings to the Council.

What will it cost and how will it be financed?

(A) Revenue Costs

All revenue costs will be contained within existing budgets.

(B) Capital Costs

A substantial proportion of the works will be funded from allocations in the Transportation Capital Programme. The funding for this element of works has been secured for the next 4 years and is based on estimates generated from the current contracts.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
None.	
Legal Implications:	
None.	
Equality Implications:	
There are no equality implications.	
Impact on Children and Young People:	
No.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	Yes.
Have a neutral impact	No.
Have a negative impact	No.
The Author has undertaken the Climate Emergency training for report authors	Yes.
Extending the Street Lighting HM20 contract will allow continuity of work and enable the LED scheme to be delivered on time, maximising carbon reduction benefits and energy costs to the Council.	

Officers are working with the remaining maintenance contractors to encourage innovation and work on carbon saving materials and projects. Warm-mix asphalts are, for example, now the default material for resurfacing works on residential streets.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Maintenance of the Highway helps keep the highway safe for vulnerable users.

Facilitate confident and resilient communities:
The effective repair and maintenance of the highway network will assist communities across the borough.

Commission, broker and provide core services:
Highway Maintenance, including street lighting are statutory duties of the Council.

Place – leadership and influencer:
Taking a leading role in the development and delivery of maintenance regimes will always be in the best interest of Sefton Council and its residents.

Drivers of change and reform:
To support reactive maintenance activities across the Council's respective highway networks, development of annual works programmes provides an opportunity for a wide range of conventional and proprietary surface treatments to be used, which leads to continuous improvements and reduced reactive maintenance across the borough and, therefore, associated outcomes of e.g. reduced potholes and congestion (due to maintenance activities on the highway).

Facilitate sustainable economic prosperity:
The highway infrastructure is the Council's largest asset. Local businesses rely on effective transport links to enable them to trade and grow. Keeping the highway network and infrastructure well maintained reduces delays on the network thus contributing to this.

Greater income for social investment:
The Council will continue to explore opportunities for additional social value and social investment. The Council's risk-based approach to a well-maintained highway network ensures best of Council funding.

Cleaner Greener
The Council continues to work with contractors on innovation and cleaner, greener materials. These have been implemented on several projects and we are continuing to work on our net zero targets.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7374/23) and the Chief Legal and Democratic Officer (LD 5574/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Discussions have been held with all affected contractors who have confirmed that they are agreeable to extend their contracts on existing terms and conditions.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

There are no appendices to this report.

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 HM01 (Carriageway Resurfacing), HM08 (Surface Treatments) and HM10 (Highway Maintenance) were part of a suite of 10 Annual Service (ASC) contracts covering highway activities that were approved by Cabinet in March 2015.
- 1.2 All contracts were awarded for a core period of 6 years (2016 – 2022) with a possible extension of up to a further 4 years (2022 – 2026).
- 1.3 In February 2019, with the intention of securing revenue savings on each of the contracts, Council agreed for officers to engage with service providers to offer each the opportunity to secure the full 4-year contract extension (2022 – 2026) in exchange for a reduction in tendered rates, whilst maintaining service quality and

standards. In anticipation of these savings, Council reduced the Highway Maintenance budget.

- 1.4 Several contracts were extended at the time to take advantage of the opportunity to provide long term security and continuity of work. These excluded contracts HM01, HM08 and HM10, as the contractors declined to take up this offer.
- 1.5 HM01 was subsequently extended for 2 years in 2021, after further negotiation, with a 10% reduction in rates.
- 1.5 Market conditions are now such that offering reductions in 2016 rates are no longer commercially viable for contractors who are dealing with unprecedented price increases. The initial contract reductions have been re-negotiated following approval from Cabinet on 23rd June 2022.
- 1.6 Despite the market uncertainty, the incumbent contractors have expressed their willingness to extend term maintenance contracts HM01, HM08 and HM10 to 2026 on current contract terms and conditions, without any reductions or increases.
- 1.7 Extending these contracts to 2026 will allow us to work collaboratively with contractors to efficiently plan for the remaining years of the City Region Sustainable Transport Settlement (CRSTS) funding allocation, ensuring a degree of certainty with estimates that have been prepared for funding bids.
- 1.7 HM01, HM08 and HM10 cannot be extended beyond 2026. Officers will shortly start work on a procurement exercise for new contracts after this date. The additional lead in time will allow officers to factor in measures required to meet the Council's 2030 Net Zero pledge.
- 1.8 The HM20 (Street Lighting Installation and Maintenance) contract is currently being used to deliver the Street Lighting LED project, as well as routine maintenance. This has provided a significant reduction in carbon emissions, whilst also reducing the Council's energy costs at a time of unprecedented price increases. The scale of financial savings / cost avoidance from these energy reductions has exceeded initial assumptions due to the unprecedented increase in energy supplier costs.
- 1.9 The LED project is currently on target for completion in 2025 within the allocated project budget. The street lighting contractor has confirmed that they are willing to extend the contract to 31/03/26, under existing contract terms and conditions, which will allow for the completion of the project under the same contract.
- 1.10 Extending the HM20 contract will ensure continuity of work, including the management of any latent defects, whilst also ensuring greater control over project management costs.
- 1.11 Following the completion of the LED project, there is expected to be a reduction in the quantity of work that will be generated by the maintenance element of the HM20 contract. The contractor has asked officers to work with them, during the intervening period, to establish future workload and other potential avenues of work such as electric vehicle charging.

- 1.12 Officers will continue to work with the contractor, as requested, to ascertain future workload and potential collaborative opportunities.
- 1.13 It is proposed that the Assistant Director of Place (Highways & Public Protection) also be delegated Authority to agree any further extension opportunities available within the contract, in consultation with the Chief Legal and Democratic Officer, and Cabinet Member Locality Services ensuring best value for the Council.
- 1.13 The Intelligent Transport Systems (ITS) Contract is a joint contract, initially procured by Halton Borough Council, for the whole of the Liverpool City Region. Having a joint contract provides savings for each of the individual Authorities. The contract predominately covers traffic signals installation and maintenance across the region.
- 1.14 The core period of the ITS contract expires on 31/03/24 with options to extend for up to a further 4 years. The LCR ITS group regularly meet to discuss on-going performance and projects. They have confirmed that the contractor has, to date, met all performance and KPI targets as outlined in the contract.
- 1.15 All the participating Authorities have verbally expressed their willingness to take up the first available year of the contract extension. They are all in the process of obtaining their required permissions.
- 1.15 The incumbent contractor has confirmed their willingness to extend the contract for an initial further year under existing contract terms and conditions.
- 1.16 Any further extensions to this contract would have to have the agreement of all participating Authorities.
- 1.17 It is proposed that the Assistant Director of Place (Highways & Public Protection) also be delegated Authority to agree any further extensions opportunities to this contract, in consultation with the Chief Legal and Democratic Officer, Cabinet Member Locality Services, and in collaboration with the other LCR Authorities, ensuring best value for the Council.