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| <b>Report to:</b>              | Cabinet                                    | <b>Date of Meeting:</b>                    | 11 <sup>th</sup> September 2014 |
| <b>Subject:</b>                | Street Lighting - Sub Contractor Framework | <b>Wards Affected:</b>                     | All Wards                       |
| <b>Report of:</b>              | Director of Built Environment              |  |                                 |
| <b>Is this a Key Decision?</b> | Yes  | <b>Is it included in the Forward Plan?</b> | Yes                             |
| <b>Exempt/Confidential</b>     | No   |  |                                 |

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### Purpose/Summary

The Council's in-house Street Lighting operations team continue to deliver the 'Core' demand and planned maintenance activities on the street lighting asset. This includes tasks such as fault repair, cleaning, electrical test & inspection and emergency call out. In addition they also deliver the installation of new and renewal schemes which involve column replacements and associated works. The Authority relies on support from external Contractors in relation to column erection and removal as the Council does not own and operate a Hi-Ab (crane) suitable for such tasks. During periods of 'high' demand the Council also calls upon the same Contractors for additional support in delivering some additional street lighting activities.

The purpose of this report is to seek approval from Members to invite tenders through the appropriate procurement route for the provision of a Street Lighting Installation Framework Contract for a period of three years with the option to extend for up to a further two years.

### Recommendation(s)

1. To give approval to invite Tenders for the Street Lighting Installation Framework Contract on the basis of a 80% Cost / 20 % Quality ratio.
2. To authorise the Director of Built Environment to award the Contract for a period of three years (with the option to extend for up to a further two years) to the highest scoring Tenderer subject to the appropriate Cost and Quality evaluations being completed on tender return.

### How does the decision contribute to the Council's Corporate Objectives?

|   | <b><u>Corporate Objective</u></b> | <b><u>Positive Impact</u></b> | <b><u>Neutral Impact</u></b> | <b><u>Negative Impact</u></b> |
|---|-----------------------------------|-------------------------------|------------------------------|-------------------------------|
| 1 | Creating a Learning Community     |                               | *                            |                               |
| 2 | Jobs and Prosperity               | *                             |                              |                               |
| 3 | Environmental Sustainability      |                               | *                            |                               |

|   |   |   |   |  |
|---|---|---|---|--|
| 4 | Health and Well-Being   | * |   |  |
| 5 | Children and Young People   |   | * |  |
| 6 | Creating Safe Communities   | * |   |  |
| 7 | Creating Inclusive Communities  |   | * |  |
| 8 | Improving the Quality of Council Services and Strengthening Local Democracy | * |   |  |

**Reasons for the Recommendation:**

The inclusion of a Street Lighting Framework Contract will enable the Authority to draw upon additional resources / services when demand is high, at short notice with pre-agreed rates. It will also enable the Authority to deliver certain essential street lighting activities that cannot currently be undertaken in house due to the availability of appropriate equipment and resources.

**Alternative Options Considered and Rejected:**

To expand the existing in house work force and invest in additional plant and equipment. This has currently been ruled out in the short term due to future uncertainty of Revenue / Capital budgets and subsequent volumes of works which could leave the Authority carrying an unnecessary overhead.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

Costs of works instructed under this contract will contained within the available street lighting maintenance budgets. There is no commitment within the contract that a certain value of work will be instructed.

**(B) Capital Costs**

Capital works delivered utilising this contract will be primarily funded through LTP monies and will be contained within available budgets.

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

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|--|
| <b>Financial</b><br>None   |
| <b>Legal</b><br>The appropriate procurement route will be followed when tendering the Contract, following which the mandatory standstill periods will be followed before Contract award. |
| <b>Human Resources</b><br>None   |

**Equality**

- |    |  |                                |
|----|--|--------------------------------|
| 1. | No Equality Implication                          | <input type="text" value="*"/> |
| 2. | Equality Implications identified and mitigated   | <input type="text"/>           |
| 3. | Equality Implication identified and risk remains | <input type="text"/>           |

**Impact of the Proposals on Service Delivery:**

None unless approval is not granted to approve the introduction of the Framework Contract. The existing in house street lighting operations team continue to rely on external support from 3<sup>rd</sup> Party Contractors to deliver new street lighting renewal schemes as the Authority does not own the appropriate equipment for column erections (i.e. Hi-Ab crane).

**What consultations have taken place on the proposals and when?**

The Head of Corporate Finance and ICT (FD2973/14) has been consulted and notes the contract will be awarded via OJEU as the total value of the Contract could exceed the OJEU threshold. There are no direct financial implications for the RA budget as costs can be contained within the available budgets and LTP Funding and Head of Corporate Legal Services (LD2278/14) have been consulted and has no comments on the report

**Implementation Date for the Decision**

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

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**Background Papers:**

There are no background papers available for inspection.

## **1.0 Introduction/Background**

- 1.1 The Council's in-house Street Lighting operations team continue to deliver the 'Core' demand and planned maintenance activities on the street lighting asset. This includes tasks such as fault repair, cleaning, electrical test & inspection and emergency call out. In addition they also deliver the installation of new and renewal schemes which involve column replacements and associated works.
- 1.2 The Authority relies on support from external Contractors in relation to column erection and removal as the Council does not own and operate a Hi-Ab (crane) suitable for such tasks. During periods of 'high' demand the Council also calls upon the same Contractors for additional support in delivering some additional street lighting activities.
- 1.3 The above arrangements would offer better value for money for the Council by the establishment of a Street Lighting Framework Contract. The basis of the framework will be to appoint up to three suitably qualified Contractors. The contract will include a detailed schedule of rates for varying street lighting activities that can be called upon when demand is high and the need for additional resource / support is required.
- 1.4 The benefit of such a Contract is there are no base costs, the works are drawn down on a 'pay as you go' basis and the Council can draw upon this additional support at relatively short notice without the need for issuing mini-tenders. This then avoids the time and expense associated with such alternative procurement routes.
- 1.5 A similar Contract / Select List was in place in previous years prior to the transfer of engineering services to Capita Symonds in 2008.

## **2.0 Procurement Process**

- 2.1 It is proposed to follow a two-stage process to procure a new term maintenance Contractor which will be in accordance with the statutory OJEU process that governs maintenance contracts of this value. During the first stage, expressions of interest from potential Contractors will be invited via an advert in 'OJEU' (Official Journal of the European Union) and via the Chest portal. Contractors will be required to submit a PQQ (Pre-qualification Questionnaire) following which a tender shortlist will be formulated.
- 2.2 A number of assessment criteria will be developed in order to determine Contractors' ability to deliver a contract of this nature. These will include Contractors' experience, project management capabilities and health and safety records.
- 2.5 Tenders will subsequently be invited and assessed using a 'cost : quality' methodology. The ratio of cost shall be 80% and quality 20%. Each tenderer will be required to submit a Quality Submission and Financial Submission and will be assessed against specific criteria and awarded a score.

2.6 As there is no defined volume of work with this being a demand led contract, the financial assessment will be completed using a 'model', based on possible anticipated activity within a year of the contract.