

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 18 December 2018	<b>Meeting Name:</b> Deborah Collins, Strategic Director of Environment & Leisure
<b>Report title:</b>		<b>Contract Variation Decision</b> Highways and Professional Services – Duration of Contract extension	
<b>Ward(s) or groups affected:</b>		Borough wide	
<b>From:</b>		Ian Smith, Director of Environment	

## RECOMMENDATION(S)

- The recommendation is to confirm the period of the extension (which is within the maximum two year extension period detailed in the Gateway 3 – Variation Decision which was approved by Cabinet on 13 March 2018) of the current Highways and Professional Services (HAPS) contract with Conway Aecom as detailed below:
  - Lot A Highways Maintenance - extend for a period of one year and three months until 30 June 2020
  - Lot B Project Delivery (Works) - extend for a period of one year and three months until 30 June 2020
  - Lot C Professional Services – extend for a period of one year and nine months until 31 December 2020

## BACKGROUND INFORMATION

- In 2013 Southwark Council entered into a Contract with Conway Aecom Ltd for the provision of highways maintenance, project delivery (works) and associated professional services under three separate lots. This contract commenced on 1 April 2013 for an initial duration of six years, taking the initial period up to 31 March 2019, with an extension of up to two years available for use at the council's discretion. Under the terms of the contract Southwark Council need to notify Conway Aecom Ltd of any contract extension by 31 December 2018.
- In accordance with the councils Contract Standing Orders a Gateway 3 – Variation Decision relating to the extension of this contract was produced. This report was presented to Cabinet for determination on 13 March 2018 and the recommendations were approved.
- Recommendation 1 stated “That the Cabinet approve the extension of the Highways and Professional Services (HAPS) contract with Conway Aecom Ltd from its expiry on 31 March 2019 at a cost of approximately £20m for a maximum period (subject to recommendation 2) of up to two years...”
- Recommendation 2 stated “That Cabinet delegates the approval of the period of extension (within the 2 year maximum) to the Strategic Director for Environment and Social Regeneration.”
- Following on from that approval a Gateway 0 – Strategic Options Assessment report relating to the future delivery of the highway service was prepared. This report was presented to Cabinet for determination on 24 July 2018 and those recommendations were approved. This report included recommendations to bring

certain functions in-house whilst continuing to out-source those functions where it was beneficial to the council to do so.

7. These recommendations included preparing a Gateway 1 – Procurement Strategy Approval for the works and services that will be outsourced. This report has been prepared and was approved at Cabinet on 11 December 2018.
8. This report recommended dividing the works and professional services into two separate contracts.
9. To ensure continuity of service it is the intention to extend Lot C Professional Services for a period of six months longer than Lot A Highway Maintenance and Lot B Project Delivery (Works). Each of these projects and schemes will have a planning and programming mobilisation period of around three months. This will ensure the new contractor for Lot B Projects will have a number of projects and schemes that they can commence as soon as their contract starts.
10. The works contract will be divided into two separate lots:
  - Lot A Maintenance
  - Lot B ProjectsThis contract would commence on 1 July 2020.
11. The professional services contract will be divided into three separate lots:
  - Lot A Structures Inspections and Design
  - Lot B Highways Design and Management
  - Lot C Drainage and SUDS Design and ManagementThis contract would commence on 1 January 2021.

## **KEY ISSUES FOR CONSIDERATION**

12. Under the Highways Act 1980 Southwark Council, as Highway Authority, has a duty to ensure the public highways are maintained to a safe standard. Improvements to the highways network will also help the council to achieve a number of their fairer future commitments.
13. To ensure these duties and commitments are met it is essential the existing service is provided until it is handed over to the provider(s) of the new contracts. Therefore, the existing HAPS contract will need to be extended until the new contracts commence.
14. The extension period will allow the council to undertake a vigorous and comprehensive selection and tender process for suppliers for the new contracts. The timescales have been carefully selected to ensure the tender is completed at the optimum time for the council to receive the most advantageous price and service from potential suppliers.
15. This contract extension will also allow the council to ensure a smooth transition for those currently out-sourced staff that will be brought in-house to carry out the functions that the Gateway 0 determined would be brought in-house. Similarly, these timescales will also allow a smooth transition of any staff that need to transfer between suppliers under TUPE regulations.

16. All risks, policy implications and considerations are detailed in the Gateway 1 – Procurement Strategy Approval for Southwark Highways Works Contracts presented to Cabinet on 11 December 2018.

**Future Proposals for this Service**

17. As detailed in the Gateway 3 – Variation Decision approved at Cabinet on 13 March 2018, the Gateway 0 - Strategic Options Assessment report approved at Cabinet on 24 July 2018 and the Gateway 1 - Procurement Strategy Approval for Southwark Highways Works Contracts approved (subject to call-in) at Cabinet on 11 December 2018.

**Other implications or issues**

18. N/A

**PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS**

Under the powers delegated to me in accordance with the council’s Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.



Signature ..... Date: 18<sup>th</sup> December 2018

Designation: Strategic Director of Environment & Leisure

**PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:**

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

<b>1. DECISION(S)</b>
As set out in the recommendations of the report.

<b>2. REASONS FOR DECISION</b>
As set out in the report.

**3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION**

As set out in the Highways and Professional Services Gateway 3 – Variation Decision, 2019+ Highways Services Delivery Options and Contract Procurement Strategy Gateway 0 - Strategic Options Assessment and Southwark Highways Works Contracts Gateway 1 – Procurement Strategy Approval.

**4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION**

N/A

**5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST**

*If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.*

N/A

**6. DECLARATION ON CONFLICTS OF INTERESTS**

**I declare that I was informed of no conflicts of interests.\***

**or**

**I declare that I was informed of the conflicts of interests set out in Part B4.\***

(\* - Please delete as appropriate)

## BACKGROUND PAPERS

Background Papers	Held At	Contact
Gateway 3 - Variation Decision; Highways and Professional Services – Extension of existing contract	Highways Division,	Jason White ext 54032
Link: <a href="http://modern.gov.southwark.gov.uk/documents/s74507/Report%20Gateway%203%20Variation%20Decision%20Highways%20and%20Professional%20Services%20Extension%20of%20existing%20co.pdf">http://modern.gov.southwark.gov.uk/documents/s74507/Report%20Gateway%203%20Variation%20Decision%20Highways%20and%20Professional%20Services%20Extension%20of%20existing%20co.pdf</a>		
Title of document(s) Gateway 0 – Strategic options Assessment for 2019+ Highways Services Delivery Options and Contract Procurement Strategy	Highways Division,	Jason White ext 54032
Link: (Insert hyperlink here) <a href="http://modern.gov.southwark.gov.uk/documents/s76582/Report%20Gateway%200%20-%20Strategic%20Options%20Assessment%20for%202019%20Highways%20Services%20Delivery%20Options%20and%20C.pdf">http://modern.gov.southwark.gov.uk/documents/s76582/Report%20Gateway%200%20-%20Strategic%20Options%20Assessment%20for%202019%20Highways%20Services%20Delivery%20Options%20and%20C.pdf</a>		
Title of document(s) Gateway 1 – Procurement Strategy Approval for Southwark Highways Works Contracts	Highways Division,	Jason White ext 54032
Link: (Insert hyperlink here) <a href="http://modern.gov.southwark.gov.uk/documents/s79147/Report%20Gateway%201%20-%20Procurement%20Strategy%20Approval%20for%20Southwark%20Highways%20Works%20Contracts.pdf">http://modern.gov.southwark.gov.uk/documents/s79147/Report%20Gateway%201%20-%20Procurement%20Strategy%20Approval%20for%20Southwark%20Highways%20Works%20Contracts.pdf</a>		

## APPENDICES

No	Title
Appendix 1	N/A

## AUDIT TRAIL

<b>Lead Officer</b>	Ian Smith, Director of Environment
<b>Report Author</b>	Jason White, Highways Consultant
<b>Version</b>	Final
<b>Dated</b>	18 December 2018
<b>Key Decision?</b>	No

**BACKGROUND DOCUMENT – CONTRACTS REGISTER UPDATE FORM – GATEWAY 3**

Details	Original	Extension 1 (Lot A Highway Maintenance and Lot B Project Delivery (Works))	Extension 2 (Lot C Professional Services)
Contract Name	Highways and Professional Services	Highways and Professional Services	Highways and Professional Services
Contract Description	Highways and Professional Services	Highways maintenance, Project Delivery (Works)	Highways Professional Services
Contract Type	NEC3	NEC3	NEC3
Fixed Price or Call Off	Call off	Call off	Call off
Lead Contract Officer (name)	Dale Foden	Dale Foden	Dale Foden
Lead Contract Officer (phone number)	020 7525 2045	020 7525 2045	020 7525 2045
Department	E&L	E&L	E&L
Division	Highways	Highways	Highways
Procurement Route	Restricted	Restricted	Restricted
EU CPV Code (if appropriate)			
Departmental/Corporate	Departmental	Departmental	Departmental
Supplier(s) Name(s)	Conway Aecom Ltd	Conway Aecom Ltd	Conway Aecom Ltd
Contract Total Value	£70m	£12m	£5m
Contract Annual Value	£13m	£10m	£3m
Contract Start Date	01/04/2013		
Initial Term End Date	31/03/2019		
No. of Remaining Contract Extensions	Any number – up to max of 2 year duration		
Contract Review Date	01/10/2017		
Revised End Date		30/06/2020	31/12/2020
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	N/A	N/A	N/A
Comments			
London Living Wage	Yes	Yes	Yes

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