

WIRRAL COUNCIL

CABINET – 14TH NOVEMBER 2007

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

HIGHWAY & ENGINEERING SERVICES PROCUREMENT EXERCISE - EXTENSION OF EXISTING CONTRACTS

1.0 EXECUTIVE SUMMARY

1.1 This report asks for Cabinet approval to extend the current service contracts for Highway and Engineering Services works to March 2009, in order to accommodate the timescale of the Highway and Engineering Services Procurement Exercise.

2.0 BACKGROUND

2.1 The report to Cabinet 26th July 2007 relating to the Highway and Engineering Services Procurement Exercise identified the need to extend several contracts currently covering the services included as part of this tendering exercise. Three contracts are operated by Operational Services, three by external providers and one sub-contract supplier to Operational Services. Cabinet endorsed the process of seeking extensions to these contracts at this meeting.

2.2 Officers from the Department have received confirmation from Operational Services and the external contractors that they are willing to continue to provide services at the rates nominated in these contracts, subject to the usual inflation price increases under the terms of the contracts.

2.3 Contract extensions are being sought for the following contracts as a result of recent Member approval to a revised start to the new Maintenance Contract of April 2009.

3.0 PROPOSED CONTRACT EXTENSIONS

3.1 In-house Contracts

The following contracts placed with the Operational Services Division currently expire on 31st March 2008 and require an extension to 31st March 2009.

- Highway Maintenance & Minor Works Contract (including Winter Maintenance, Street Lighting) (£4m pa)
- Coast Protection Minor Works (£180k pa)
- Highway Drainage, Minor Works and Gully Cleansing (£350k pa)

3.2 External Contracts

It is proposed that the Maintenance Painting of Street Furniture (£100k pa) and Highway Maintenance Surfacing Contracts (£2.3m pa) be extended in accordance with the existing extension options already in place within the contracts.

An extension of the Maintenance of Traffic Signal Installations, Traffic Enforcement Cameras and Related Traffic Control Equipment Contract (£130k pa) is required as it is likely that interest would be limited for a short term contract of this specialist nature.

3.3 Operational Services Sub-Contract

Operational Services operate a sub-contract for Bituminous Macadam and Hot Rolled Asphalt Patching and Minor Works (£1.5m pa).

The previous contract expired on 31st March 2007. A further tendering exercise was carried out for a new contract to run for one year until 31st March 2008 in line with the timescales for the Maintenance Contracts. However, the recent approval for a revised start to the new Maintenance Contract of April 2009 has left little time to carry out another tendering exercise for 2008-2009.

3.4 The following reasons were identified when considering a possible contract extension:

- There is limited time to complete the tendering exercise and being a TUPE contract is necessarily more complex and time consuming.
- Short contracts of this type are unlikely to attract much interest. The 2007-2008 contract only attracted three tenders.
- There is no guarantee that a new tender would keep costs at their current level, given the recent increases in oil prices. The current contractors' rates were 30% lower than the competitors at the last time of tendering.
- There is no guarantee that the Council will receive a better service or quality given that there will inevitably be a bedding-in period for a possible new contractor.

3.5 After full consultation with Legal Services and the Corporate Procurement Unit, it was agreed that in view of these exceptional circumstances, an extension to the existing arrangements is in the best interest of the Council.

4.0 FINANCIAL IMPLICATIONS

4.1 Works carried out by these contracts are funded from the Revenue and Capital budgets. All contracts have a provision for increasing rates by a calculable inflation figure. This increase has to be contained within existing budgets.

5.0 STAFFING IMPLICATIONS

5.1 All work in connection with the extension of these contracts is carried out by existing staff as part of their normal duties.

6.0 EQUAL OPPORTUNITIES IMPLICATIONS

6.1 There are no implications under this heading.

7.0 COMMUNITY SAFETY IMPLICATIONS

7.1 The Council has a duty of care to highway users and the provision of these contractors assists with this.

8.0 LOCAL AGENDA 21 IMPLICATIONS

8.1 There are no implications under this heading.

9.0 PLANNING IMPLICATIONS

9.1 There are no implications under this heading.

10.0 ANTI-POVERTY IMPLICATIONS

10.1 There are no implications under this heading.

11.0 SOCIAL INCLUSION IMPLICATIONS

11.1 There are no implications under this heading.

12.0 LOCAL MEMBER SUPPORT IMPLICATIONS

12.1 All wards.

13.0 BACKGROUND PAPERS

13.1 No background papers were used in the preparation of this report.

14.0 RECOMMENDATIONS

14.1 It is recommended that the contracts be extended to 31 March 2009 in accordance with sections 5.1.2, Contract Procedure Rules, in that this option represents value for money for the Council.

DAVID GREEN, DIRECTOR
TECHNICAL SERVICES