

19 FEBRUARY 2020

REPORT TITLE	Proposed Extension to Existing Highway Contracts
REPORT OF	Mark Smith, Interim Director – Highways & Streetscene

REPORT SUMMARY

On the 1st October 2018 the Council contract with BAM Nuttall ended. The service is now provided by a small direct operational service dealing with minor planned works and active repairs. The major works were subject to several individual contracts based on the works type. These contracts (collectively known as the 'A' Contracts) were for a 12-month duration, with a potential 12-month extension.

A number of contracts to support the day-to-day reactive and planned works of the direct operational team were also tendered. These contracts (collectively known as the 'B' Contracts) were also for 12 months, with a potential 12-month extension.

For this reason, this report seeks approval to take up the 12-month extension with all seven 'A' Contracts and three 'B' Contracts, with proposed end dates of 31st March 2021.

This will allow essential works to continue and provide the time to procure new contracts to take effect from April 2021.

This matter affects all Wards within the Borough and is a Key Decision included on the Council's Forward Plan.

RECOMMENDATION/S

The Cabinet Member for Community Services is requested to:

- (i) Approve the 12-month contract extension for all seven 'A' and three 'B' Contracts based on the value for money and performance outlined in this report, and
- (ii) Note that work will begin on procuring new contracts to commence from April 2021.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The contracts had been won using a restricted tendering process and are compliant with UK Procurement Regulations and the Council's Contract Procedure rules.
- 1.2 All the Contracts have performed very well over the past nine months meeting all the requirements of performance.
- 1.3 The contract extension option is included within the contracts.
- 1.4 The use of the extensions will ensure the Council will be able to meet its statutory duty to maintain the highway and deliver its Capital Programme for 2020/21.
- 1.5 The use of the extension allows the time to review contract delivery options and procure new contracts.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Unless one of the contracts failed to deliver the required outcomes, the contract extension would be used.
- 2.2 Given the time taken to procure new contracts and that most of the work is of a specialist nature, no other options are available.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral's highway network, the Council's biggest asset, is currently worth £2.48 billion and consists of approximately 1,200 kilometres of road.
- 3.2 From April 2014 to September 30th 2018 this was maintained via a strategic contract with BAM Nuttall (BAMN).
- 3.3 Following approval in November 2017 the service was provided by a mixed commissioned / part direct delivery model which roughly equates to a 65/35 split respectively.
- 3.4 This new service delivery model came into operation from 1st October 2018 and the specialist 'A' Contracts and 'B' Contracts awarded from April 2019 as most of the Capital Programme for 2018/19 had already been completed and short term contracts with existing BAMN sub-contractors were in place for 'B' Contract work.
- 3.5 A list of the 'A' and 'B' Contracts is given in Table 1 below.

Contract	Description	Duration	Value
A1.1	Surface Dressing Processes	12 months (+12 months extension - subject to performance)	£320k
A1.2	Micro asphalt processes	12 months (+12 months extension - subject to performance)	£800k
A1.3	Slurry sealing processes	12 months (+12 months extension - subject to performance)	£30k
A2	Carriageway structural resurfacing	12 months (+12 months extension - subject to performance)	£1m
A3.1	Civil Engineering – Highway and Traffic improvements including drainage	12 months (+12 months extension - subject to performance)	£1m
A3.2	Civil Engineering – Minor carriageway and footway improvements	12 months (+12 months extension - subject to performance)	£1m
A3.3	Civil Engineering – Sustainable transport improvements including off- road locations	12 months (+12 months extension - subject to performance)	£200k
B1	Small works Repairs	12 months (+12 months extension - subject to performance)	£250k
B2	Lining & road studs	12 months (+12 months extension - subject to performance)	£80k
B3	Traffic Management	12 months (+12 months extension - subject to performance)	£60k

Table 1

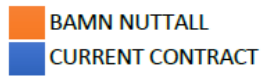
3.6 It should be noted that for most of the contracts the value has been increased due to an extra £630,000 funding from the Liverpool City Region Combined Authority for the Key Route Network and £1.4m from the Department for Transport.

4.0 BUSINESS CASE BENEFITS

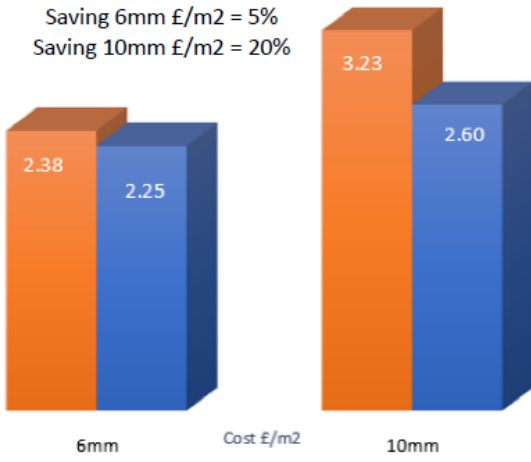
4.1 The procurement of the separate “A” and “B” contracts has provided clear savings from the previous strategic contract as shown in charts 1, 2, 3, 4:

COST SAVINGS: BAM NUTTALL / CURRENT CONTRACTS

Hand Applied Microasphalt

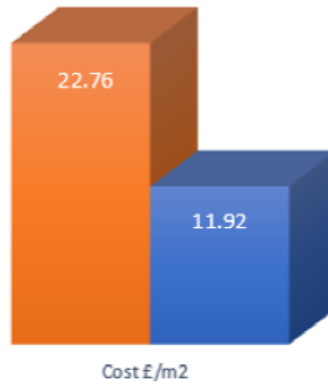
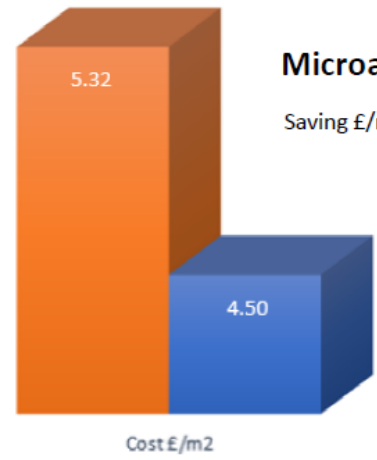


Saving 6mm £/m² = 5%
Saving 10mm £/m² = 20%



Microasphalt

Saving £/m² = 15%



Hot Rolled Asphalt

Saving £/m² = 48%

Chart 1

B1

Shown below is a price comparison of contractors who tendered for this contract: the current B1 contract gives an average saving of 34%.

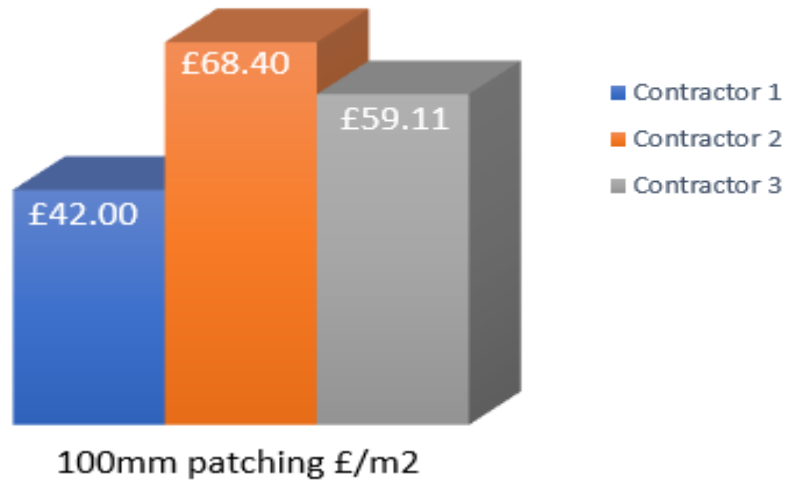


Chart 2

B2

Shown below is a price comparison for the removal of lining, and for the total of the most commonly used lining items. In this example, the removal of lining has yielded a saving of 16%, and the commonly used items a saving of 5%.

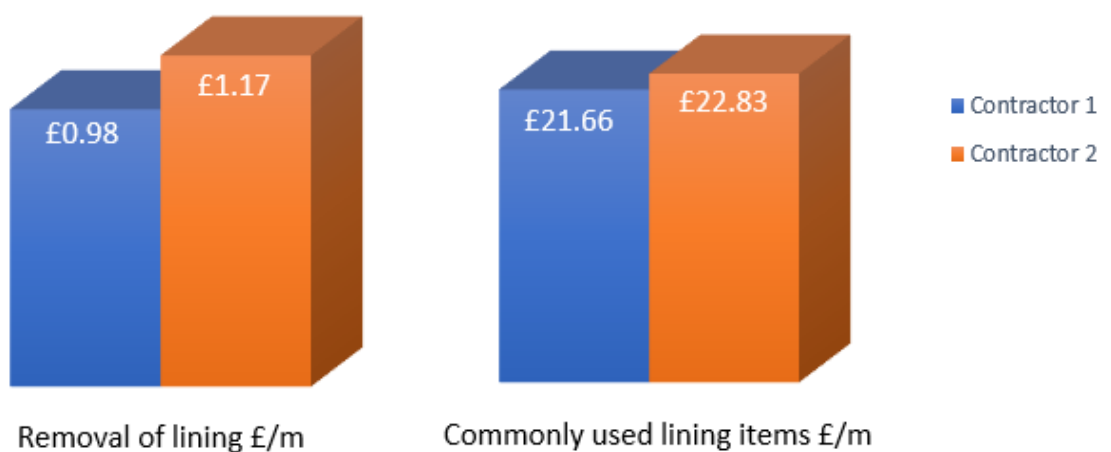


Chart 3

B3

Shown below are the savings made within the cost of basic traffic management of a 2 man crew. The rates of the current contract are compared against the 2018 rate of our previous provider, and against a representative current market average. There are savings made of 14% and 27%.

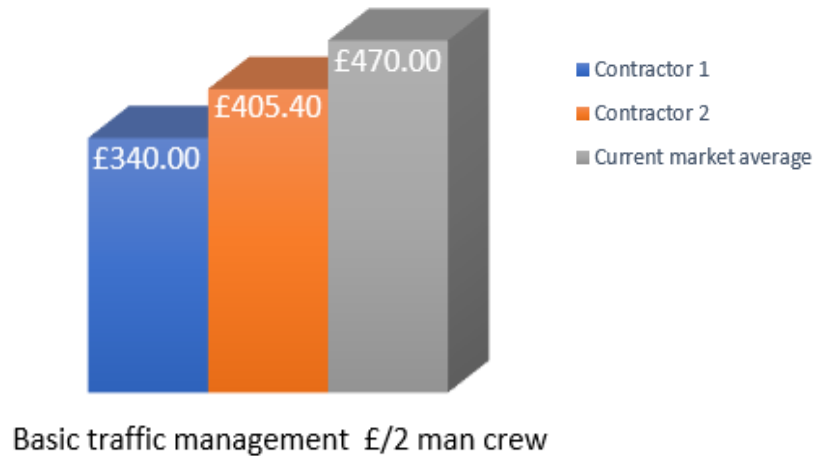


Chart 4

- 4.2 Given the large savings made in comparison with the previous single provider contract, even with adjustments made for inflation (which would be a maximum of 4%), the existing contracts should continue to provide value for money.
- 4.3 The new mixed delivery model has provided the ability to use new cost-lowering products. For example, surface patching on main routes using 'Tex patching' or 'Rhino Masterscreed' have seen reduction in costs of over 30% against conventional patching but delivered the same performance.
- 4.4 The new model has enabled the commissioning of additional resources, enabling us to more quickly respond to customer needs.
- 5.0 WORK OVERVIEW TO DATE**
- 5.1 All 7 'A' contracts have been in operation in the year to date and have delivered a level of increased work on Wirral which hasn't been experienced in over 20 years.
- 5.2 The 'B' contracts also provided a good service, delivering additional resources to meet the requirements of the Tour of Britain cycle event. All of the contractors programmed their works so that Wirral gained maximum impact from the event.
- 5.3 Tables 2, 3, 4 and 5 provide the performance indicator results.

KPI / CONTRACT	1a		1b		2		3		4	5	6
	Delivery – number of Task Orders where work is commenced on site by the date agreed between the parties.	Target 95%	Delivery – number of Task Orders completed by the Task Completion Date.	Target 95%	Environment - Tonnage of waste recycled as a proportion of the total tonnage of waste arising from all operations.	Target 95%	Safety – number of 'lost time' incidents in any 6 month period.	Target 95%	Innovation - in working methods, materials or products suggested by either the Contractor or his supply chain and approved by the Service Manager	Public satisfaction – Average scores in customer satisfaction surveys conducted by the Employer over 12 month period	Social value
A1.1	All works commenced as per programme	100%	All works completed as per programme	100%	All excess aggregate recovered during the aftercare period will be recycled	98%	No reported incidents	100%	KielyLock - provides significant saving against plane and inlay - unique to Kiely Bros.	Not yet evaluated	Not yet evaluated
A1.2	Some schemes rescheduled due to weather	96%	Some delays due to weather	97%	All excess aggregate recovered during the aftercare period will be recycled	98%	No reported incidents	100%	Programme altered due to cycle event	Not yet evaluated	Not yet evaluated
A1.3	Some schemes rescheduled due to weather	98%	Some delays due to weather	97%	All excess aggregate recovered during the aftercare period will be recycled	98%	No reported incidents	100%	Use of Durapatch - innovative product unique to Kiely Bros.	Not yet evaluated	Not yet evaluated
A2	All started as per programme with the exception of 1 site due to cycle race	99%	Some delays due to weather	97%	Planings & Ironwork recycled 100%. Arisings from ironwork adjustment is 100 %	100%	No reported incidents	100%	Ambitious programme for schemes prior to bike race was met. TM discussed and changes made to timings of some schemes	Not yet evaluated	Not yet evaluated
A3.1	Some delays due to resources	96%	Some delays due to other works / utilities	95%	Most waste placed into recycle	96%	No reported incidents	100%	Various engineering cost savings	Not yet evaluated	Not yet evaluated
A3.2	Delayed start due to noticing issues	95%	Some sites over-ran due to weather	96%	Use of Dowfoam	98%	No reported incidents	100%	Recycled materials put forward: Dowfoam uses recycled materials	Not yet evaluated	Not yet evaluated
A3.3	Only 1 scheme issued	100%	Only 1 scheme issued	100%	No waste: reused on site	100%	No reported incidents	100%	N/A	Not yet evaluated	Not yet evaluated

Table 2

CONTRACT: B1				
KPI	Description	Target	Performance	
1a	Delivery – Total number of Priority 1 works completed by task end date	100%		100%
1b	Delivery – Total number of Priority 2 works completed by the task end date	100%		100%
1c	Delivery – Total number of Priority 3 works completed by the task end date and total outside task end date	90% by task end date. 10% within 5 days of task end date		93.2% 100%
1d	Delivery – Total number of Priority 5 work not completed by the task end date with 10% completed within 7 days of the task end date	90% within task end date 10% within 7 days of task end date		95% 100%
2	Environment – Tonnage of waste recycled as a proportion of the total tonnage of waste arising from all operations.	95%		98%
3	Safety – number of 'lost time' incidents in any 6 month period	3 or less		None Reported
4	Innovation - in working methods, materials or products suggested by either the Contractor or his supply chain and approved by the Service Manager	Leading to financial savings for the Employer exceeding £10,000 per annum		Not evaluated, but use of cold material have reduced carbon emissions
5	Public satisfaction – Average scores in customer satisfaction surveys conducted by the Employer over 12 month period	7 or higher		Not yet evaluated
6	Social value	The Contractor matches or exceeds the qualitative statement and quantitative measures offered in his tender.		Not yet evaluated, but local firm employing people from the Merseyside area

Table 3

CONTRACT: B2				
KPI	Description	Target	Performance	
1a	Delivery – number of Task Orders where work is commenced on site by the date agreed between the parties	95%		96%
1b	Delivery – number of Task Orders completed by the Task Completion Date	95%		98%
2	Environment - Tonnage of waste recycled as a proportion of the total tonnage of waste arising from all operations.	95%		99%
3	Safety – number of ‘lost time’ incidents in any 6 month period	3 or less		None reported
4	Innovation - in working methods, materials or products suggested by either the Contractor or his supply chain and approved by the Service Manager	leading to financial savings for the Employer exceeding £10,000 per annum		Not evaluated, but use of new methods such as text patching have reduced conventional patching costs by over 30%
5	Public satisfaction – Average scores in customer satisfaction surveys conducted by the Employer over 12 month period	7 or higher		Not yet evaluated
6	Social value	The Contractor matches or exceeds the qualitative statement and quantitative measures offered in his tender.		Not yet evaluated, but local firm employing local people

Table 4

CONTRACT: B3				
KPI	Description	Target	Performance	
1a	Delivery – Total number of Priority 1 works completed by task end date	100%		Not used
1b	Delivery – Total number of Priority 2 works completed by the task end date	100%		Not used
1c	Delivery – Total number of Priority 3 works completed by the task end date and total outside task end date	90% by task end date. 10% within 5 days of task end date		100%
1d	Delivery – Total number of Priority 5 work not completed by the task end date with 10% completed within 7 days of the task end date	90% within task end date 10% within 7 days of task end date		100%
2	Environment – Tonnage of waste recycled as a proportion of the total tonnage of waste arising from all operations.	95%		N/A
3	Safety – number of ‘lost time’ incidents in any 6 month period	3 or less		None reported
4	Innovation - in working methods, materials or products suggested by either the Contractor or his supply chain and approved by the Service Manager	Leading to financial savings for the Employer exceeding £10,000 per annum		Not used
5	Public satisfaction – Average scores in customer satisfaction surveys conducted by the Employer over 12 month period	7 or higher		Not yet evaluated
6	Social value	The Contractor matches or exceeds the qualitative statement and quantitative measures offered in his tender.		Not yet evaluated

Table 5

5.4 As observed from tables 2 to 5, the overall Contract performance has met the Council's performance requirements in most areas, and the Contract extensions will allow this strong performance to continue.

6.0 FINANCIAL IMPLICATIONS

6.1 Most of the work undertaken through the 'A' contracts comes from Capital funding, so any extension will not impact Council revenue budgets.

6.2 Most of the work undertaken on the 'B' contracts comes from the Council's revenue budgets.

6.3 All 7 'A' and 3 'B' contracts have a provision for the contractor to apply for price inflation uplifts, so some costs may rise. However, any such increase will not exceed the savings already realised, which should be noted are based on costs from 2017.

7.0 LEGAL IMPLICATIONS

7.1 The proposed contract extension is within the existing contract document and is fully compliant with the Council's Contract Procurement Rules.

8.0 RESOURCE IMPLICATIONS, ICT, STAFFING AND ASSETS

8.1 The extension of these contracts will have no ICT, staffing or other resource implications.

9.0 RELEVANT RISKS

9.1 Not taking up the 12-month extension may mean the 2020/21 Capital Programme cannot be delivered.

9.2 Not taking up the 12-month extension on the 'B' contracts means the Council as a Highway Authority may not be able to deliver its statutory duty.

9.3 Without the extension period there will not be the required time to procure new contracts.

10.0 ENGAGEMENT / CONSULTATION

10.1 All the contractors have a good working relationship with Wirral staff and are keen to accept the 12-month extension.

11.0 EQUALITY IMPLICATIONS

11.1 Equality implications were taken into account in the procurement of these original contracts.

12.0 HEALTH & SAFETY

12.1 All of the contracts comply with the CDM regulations 2015.

12.2 Regular reporting is provided regarding Health and Safety.

13.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 13.1 The repairing of the highway is a major contributor to our carbon emissions.
- 13.2 The increased use of surface treatments means we are using considerably less fossil material, also, with no excavation we have no contaminated waste issues.
- 13.3 One of the advantages of having our own inhouse contract provision is that we have been able to trial new products when undertaking conventional patching repair. Charts 5 and 6 show the cost and carbon efficiencies that can be made.

Estimated Annual Costs

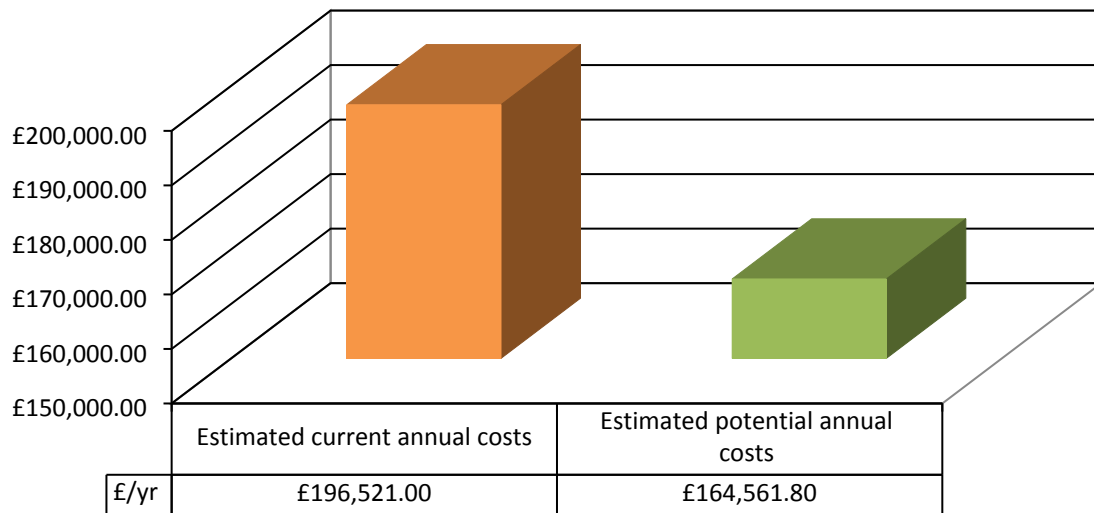


CHART 5: ESTIMATED CURRENT/POTENTIAL ANNUAL COSTS - CURRENT MATERIALS VS ULTIPATCH VIAFIX

Estimated Annual Emissions

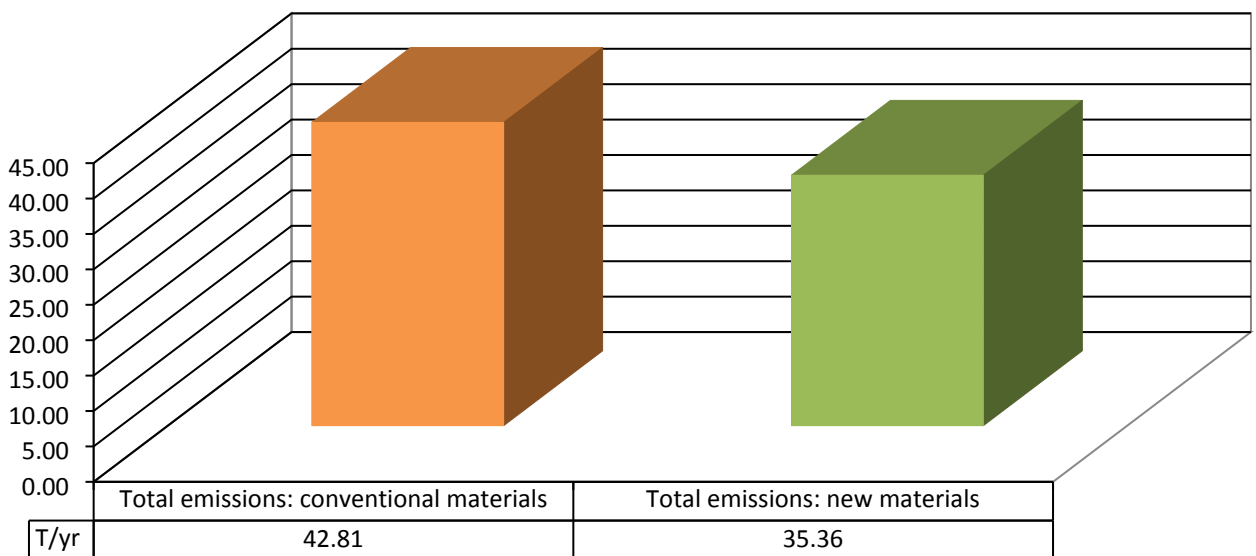


CHART 6: ESTIMATED CURRENT/POTENTIAL ANNUAL CARBON EMISSIONS - CURRENT MATERIALS VS ULTIPATCH VIAFIX

13.4 Trials are also in progress using hot and cold applied micro-asphalt patching. Such materials and working methods remove the need to excavate, reduce waste by using only the materials required. The risk of vibration injury to operatives is also reduced.

REPORT AUTHOR: Brian Smith
Senior Manager, Highway Maintenance & Street Lighting
telephone: (0151 606 2426)
email: briansmith@wirral.gov.uk

APPENDICES

None.

BACKGROUND PAPERS

Original tender/contract documentation.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Leader Decision Report	November 2017
Leader Decision Report	October 2018