



## **HIGHWAYS MAINTENANCE: TERM CONTRACT RENEWAL**

### **SUMMARY**

- 1.1 The existing Highways Maintenance Term Contract is due to terminate in August 2007
- 1.2 Arrangements for the negotiation of and signing a new contract between the Council and Alfred McAlpine are now approaching a conclusion.
- 1.3 At the time of preparing this report, it is anticipated that signing of the contract will take place on Wednesday 18 July 2007. Any changes to those arrangements will be reported to Cabinet at its meeting.
- 1.4 There are a comparatively small number of issues that will need to be resolved with Alfred McAlpine to the Council's satisfaction before the contract is finally signed. Where appropriate, these are referred to in the report.
- 1.5 Subject to any issues raised at the meeting, I support the following recommendation.

### **RECOMMENDATION**

- 2.1 That, subject to satisfactory resolution of any outstanding issues to approve the Council entering into the Highways Maintenance Term Contract with Alfred McAlpine Government Services Limited.
- 2.2 That, the appropriate officers be authorised to resolve any outstanding issues, in order that those issues can be incorporated within the Contract as necessary without a requirement to submit a further report to Council Cabinet.
- 2.3 That should those issues not be resolved to the satisfaction of officers acting on behalf of the Council, arrangements for signing the contract should not be concluded, and that a further report be presented to Council Cabinet at the earliest possible meeting.

### **REASON FOR RECOMMENDATION**

- 3.1 To ensure that the Council has a term contract that delivers best value for money.

- 3.2 Everything possible should be done to minimise the risk of delays in signing of the contract, in order to contain the Council's costs and help to ensure implementation of the Project in accordance with the Project Plan and Timetable.
- 3.3 The nature of this Project means that sustaining progress with implementation could be dependent upon seasonal and associated weather conditions. Any delays at this stage could therefore be compounded and extended in subsequent stages of the Project, thereby delaying the benefits to the residents of the City.



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### **SUPPORTING INFORMATION**

- 1.1 At the cabinet meeting on 16 January 2007, approval was given to the preparation of documents and for the Council to seek bids for the renewal of the Highways Maintenance Term Contract based on the concepts of partnering for the period 2007 – 2012, with permitted extensions up to 2015.
- 1.2 An advert was placed in the European Journal in August 2006 and the Council received Pre Qualification Questionnaires (PQQ) from a number of interested contractors.
- 1.3 Based on an analysis of the PQQ submissions, 5 Bidders were requested to respond to an Invitation to Submit Outline Solutions (ISOS), giving their proposals of how the proposed partnership would best work.
- 1.4 Following the receipt of the ISOS in January 2007, the Council has evaluated the bids and selected two bidders to go forward to a dialogue phase, where the concepts of partnering and the extent of the contract could be determined.
- 1.5 Following the dialogue phase, the selected bidders were requested to submit final bids for the scheme in April 2007.
- 1.6 The Bidders selected to submit these proposals were:  
Balfour Beatty  
Alfred McAlpine
- 1.7 Following the evaluation of the final bids, the scores were as follows:

Balfour Beatty	639
Alfred McAlpine	686
- 1.8 Alfred McAlpine were duly appointed as Preferred Bidder in May 2007. This will give sufficient time to negotiate the final contract documents and for the contractor to mobilise the new HMTc contract by the termination date of the existing HMTc (August 2007)
- 1.10 The recommended minimum duration for the new contract is five (5) years, with a three (3) year extension awarded annually and based on performance.

- 1.11 The first one year extension (year 6) would be awarded at the end of year 3, provided that the contractor has performed satisfactorily and achieved all the agreed targets. These targets have yet to be agreed.
- 1.12 Similarly, the second one year extension(year 7) would be awarded at the end of year 4, and the final one year extension (year 8) would be awarded at the end of year 5.

<b>OTHER OPTIONS CONSIDERED</b>
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2. Extend the current contract by 12 months and then procure a new contract. This option will not realise the benefits to be gained by entering into a new Partnership contract.

<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Martin Follows Tel: 01332 715050 e-mail martin.follows@derby.gov.uk None Appendix 1 – Implications
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<b>IMPLICATIONS</b>
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**Financial**

- 1.1 The Council currently spends approximately £6 million on highways maintenance, resurfacing and highway reconstruction per annum. Whilst it is anticipated that better value for money will be achieved using the approach described above, it is likely that the Council will not achieve the same total quantity of work for the same level of finance. This is largely because of high increases in inflation in the construction. However, the quality and long term durability of the works undertaken should be greatly improved.

**Legal**

- 2.1 The procurement will be carried out in accordance with EU procurement requirements.

**Personnel**

3. Many of the staff working on the existing HMTc were transferred to the current contractor under TUPE arrangements. These staff are potentially affected by the appointment of a new Service Provider and will be subject to a TUPE transfer to the new provider. There will be full consultation during the process.

**Equalities impact**

4. The impact of the Project should benefit of all highways users.

**Corporate Priorities**

5. The Project will help to support the Quality of Life in Derby's neighbourhoods and also help to deliver excellent services, performance and value for money.