



Extension of the Traffic Signal Maintenance Contract

RECOMMENDATION

- 1.1 That Cabinet approves the extension of the traffic signal maintenance contract with Peek Traffic Limited for an additional five years up to 30 September 2014.

REASONS FOR RECOMMENDATION

- 2.1 Under the Contracts Procedures Rules C30.3, Cabinet is required to approve extensions of contracts beyond 5 years. Cost savings of approximately £36,000 could be made if the traffic signal maintenance contract is extended.

SUPPORTING INFORMATION

- 3.1 We recently let a tender for maintaining traffic signal equipment in Derby to 2009. The tender was won in open competition by Peek Traffic Limited, who maintained Derby's traffic signals satisfactorily in the previous contract period.
- 3.2 As part of a best value approach consideration was given to extending the contract beyond the usual five years. We expressed an interest in entering into a partnership approach to deliver the best quality service to residents and visitors of Derby. As part of this process we felt it was important to consider a longer length of contract of up to ten years. However, to ensure continuity of service, a contract was let for three years with a possible extension whilst officers considered the benefits of entering into a longer agreement. It has been concluded there would be significant benefits to the Council in agreeing the longer contract proposed in this report.
- 3.3 Peek Traffic have also expressed a desire to deliver the contract under a partnership approach. The extension of the contract is vital to this approach as it allows both parties to invest jointly to bring about savings and improvements in the longer term. The contract contains performance and quality criteria. Investment over a longer term will help ensure that these criteria are met but the contract does permit termination at any time if appropriate standards are not met.
- 3.4 Peek Traffic Limited would reduce their prices for maintaining traffic signals should the contract be extended. This equates to a saving of £21,000 over a ten year period. There would be no financial savings should the contract not be extended beyond five years. Additional staff time and advertising savings would also accrue from not tendering after the first five years. These savings are estimated at £15,000.

3.5 Consideration has been given to the impact of extending the contract should the Council enter into a highways maintenance PFI or a similar financial arrangement. As the work is a small specialist area of highway maintenance and the stock is relatively well maintained there is no overwhelming reason not to extend the contract.

OTHER OPTIONS CONSIDERED

4.1 No other options were considered.

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Background papers: None
List of appendices: Appendix 1 – Implications

IMPLICATIONS

Financial

- 1.1 Revenue savings of £2,100 each year could be made if the contract is extended for ten years. Any savings would provide ongoing additional investment in traffic signal maintenance.
- 1.2 Approximately £15,000 of tendering costs could be saved in 2009/10 should there be no requirement to re-tender.

Legal

- 2.1 The original contract was let on the basis that it was a contract for three years with an option for it to be extended by further periods, including up to ten years. Any option to extend has to be taken up by written notice to the contractor at least six months prior to the expiry of the initial contract period.

Personnel

- 3.1 None

Equalities impact

- 4.1 None

Corporate objectives and priorities for change

- 5.1 The proposal meets the Council's objective of **delivering an integrated cost effective service** and meets the vision of **increasing value for money**.