



Report of the Director of City Development

Executive Board

Date: 16 May 2007

Subject: Procurement of a New Strategic Partnership for the Provision of Professional Highways & Transportation Services

Electoral Wards Affected:

None

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

The existing Leeds–Mouchel Parkman Strategic Partnership contract for Highways and Transportation will expire in September 2008 and there is no option available to extend it beyond that date. If the procurement of a new partnership is not started by June 2007 there will be a significant risk of disruption to service delivery from September 2008, in particular delivery of the Local Transport Plan. The best option for the Council at this stage is to procure a replacement partnership contract for highways and transportation to come into effect from September 2008 for an initial 3 year term with the option to extend in increments up to a total period of 10 years.

1.0 Purpose of Report

1.1 This report seeks the approval of the Executive Board to commence the procurement of a contract to provide a new Strategic Partnership for the Council for the provision of professional highway and transportation services to replace the existing partnership contract which expires in September 2008.

2.0 Background

2.1 In September 2003 the Council entered a contract with Mouchel Consultants (subsequently to become Mouchel Parkman Consultants) for the provision of professional highway and transportation services to the Council in a Strategic

Partnership. The contract duration was 3 years with an option to extend for a further 2 years. The 2 year extension has been invoked and the contract will now expire in September 2008. The view of external legal advisors concurs with that of the Council's Procurement Unit in that the existing contract cannot be lawfully extended beyond the 5 years for which it was originally procured.

2.2 Due to the value of the services to be provided, the procurement of a new contract will need to proceed in accordance with EU procurement regulations. To ensure a smooth transition to the new arrangement and a continuous service provision, the procurement of the new contract needs to commence by June 2007, otherwise there will be a significant risk of a gap between the expiry of the existing contract and the introduction of a new one. Any gap in the provision of services from a Partner organisation would have a serious impact on the delivery of high priority programmes of work, particularly delivery of the LTP. A poor performance on delivery of the LTP targets would have an immediate financial penalty for the Council and would impact on the CPA rating.

2.3 All indications for the foreseeable future suggest that the level of funding being made available for highways and transportation work in the city and the amount of infrastructure work being generated by the economy in the area will require at least the level of resources being supplied by the current partnership.

3.0 Main Issues

3.1.1 When the current Leeds-Mouchel Parkman Partnership was introduced in 2003 it was the first such arrangement within the Council and in the context of the relationship between the two organisations and the scale of the operation it was a relatively rare arrangement for any local authority in the country.

3.1.2 The most obvious measure of success of the Partnership has been in the increased volume of work produced since its inception. The increased resources made available through Mouchel Parkman and the relative ease at being able to use these additional resources when required has made a substantial difference to the Council's ability to deliver its increased workload. In addition to recovering an ongoing slippage with the LTP delivery from previous years, the increased budget provision for highway work has been spent and targets achieved, whilst 2 new very major road schemes – Inner Ring Road Stage 7 (£50 m) and East Leeds Link (£32 m) have been delivered to the construction stage on programme.

3.1.3 Over and above the additional resources supplied by the Partner, the two organisations have progressed the "strategic" element of the relationship in a number of areas. The best example of the arrangement working as true partnership has been in the delivery of the Inner Ring Road Stage 7 project where a truly integrated co-located team, including the contractor, has taken a 'one-team' approach to develop an innovative method of delivery for the scheme which is now 1 year into construction and currently within programme and budget. Other good examples of effective joint working include the Private Street Programme and more recently the A65 Quality Bus project.

Other areas where strategic development of the Partnership has taken place include:

- Mouchel Parkman representation on the Council's Joint Highways Advisory Group and Technical Standards Group – allowing input into the development of Councils technical policies and standards.

- Joint recruitment campaign
- Joint Staff Training
- Development of shared business and technical systems

- 3.2 The existing partnership is based on a contract between the two organisations and not some form of joint venture, trading under the Leeds-Mouchel Parkman Partnership as such does not therefore take place. Both organisations do however undertake work for other parties within the region and in the case of the Council undertaking work for other authorities it has utilised Mouchel Parkman's resources, albeit on a fairly small scale. The Council's resources have not yet been utilised in providing services for Mouchel Parkman and in reality the amount of work being generated by the Council alone is stretching the combined resources available in an employment market where there is a critical shortage of civil engineering and transportation specialists.
- 3.3 The biggest obstacle to the continuing development of a "strategic" partnership is the lack of co-located staff. Whilst this has been overcome with success for one-off arrangements such as the Inner Ring Road Stage 7 in general it remains a barrier to the development of the partnership. Working from separate locations presents practical problems in making optimum use of the available resources and sustains the 'us and them' attitude that still persists with some staff. A co-located partnership is an option will need to be given serious consideration for any future arrangement if it is to achieve its full potential.
- 3.4 Consideration has been given to the options for future partnership working across a number of service areas. At this stage there is no clear view of what options might be best for the services which do not currently operate in a partnership and this issue will not be resolved within the timescale required for the procurement of a new highways partnership The Strategic Design Partnership with Jacobs is running to a later timescale and so there is not an opportunity to consider combining the two at present.
- 3.5 It is proposed that the best option for the Council at the current stage is to procure a new partnership contract that lasts for a minimum term of 3 years and has an option to extend beyond the initial 3 years in increments, to a maximum of 10 years in total. The new partnership should be based around the model of the current arrangement, building on the good practice and addressing the areas for improvement that have emerged from the first partnership. Due to the scale of input required from the partner organisation from the start, anything less than an initial 3 year contract is unlikely to secure the commitment that the Council requires if it is to meet its targets and objectives during that period. At the end of the 3rd year the Council could choose to finish the contract and take a new direction, although an early decision on this by the 2nd year would be needed to avoid problems with the timing of future procurement. Should the partnership be achieving success in its early years the option to extend for a longer period would exist giving a much longer time for the partnership to develop strategically.

4.0 Conclusion

- 4.1 Procurement of a new partnership contract for the provision of professional highways and transportation services must commence by June 2007 if serious service delivery problems are to be avoided from September 2008 when the current partnership expires.

4.2 The best and most flexible option for the Council at this stage is to procure a new partnership for highways and transportation with a minimum initial term of 3 years and the option to extend in increments up to a total of 10 years. This option would ensure that a viable arrangement is secured in the short term with the flexibility to terminate at a fairly early stage should the Council wish to pursue a different route with its partnership arrangements, or, to take the option to develop a much longer term relationship if required.

5.0 Recommendations

5.1 The Executive Board is recommended to authorise the Director of City Development to procure a new strategic partnership contract for the provision of professional highways and transportation services to take effect from September 2008.