

## Report to the Chief Officer (Highways and Transportation)

**Date: 30 September 2014**

**Subject: Highways Term Contract Approval to Tender**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

- 1 This report seeks the approval of the Chief Officer (Highways and Transportation) to tender the Highways Term Contract 2015.
- 2 The Highways Term Contract has proved to be an ideal method for Highways and Transportation to deliver its service and it's Capital Programme. With increasing demands made on the service to deliver its work quicker and at shorter notice, the benefit of having the Term Contract as a mechanism to meet these demands is fully recognised.
- 3 The current Highways Term Contract ends in January 2015.

### Recommendations

- 4 The Chief Officer (Highway and Transportation) is requested to approve the request to tender the Highways Term Contract 2015 for a period of two years extendable for a further two years.

#### 1.0 Purpose of this report

- 1.1 The purpose of this report is to inform the Chief Officer (Highways and Transportation) of the requirement to tender the Highways Term Contract 2015.

## **2 Background information**

- 2.1 Highways and Transportation have had some form of Highways Term Contract for many years. The procurement arrangement has proved very successful in delivering the work of the Service and the Capital Programme.
- 2.2 The current Highways Term Contract ends in January 2015.

## **3 Main issues**

- 3.1 Over the years the Highways Term Contract has evolved, through experience gained from the preceding arrangement and from the changing demands on the Service.
- 3.2 The current Highway Term Contract, which has been in place for nearly two years introduced some, at the time, major changes to the Service. The NEC3 form of contract was introduced for more collaborative working, Professional Services was introduced for Early Contractor Involvement and the former Minor Highway Works and Highway Works Term contract were merged into one contract with a single supplier arrangement.
- 3.3 The current contract and in particular the changes introduced, have proved to be very successful in delivering the service works programme and there is the option to extend the current arrangement.
- 3.4 However, the changes made to the Term Contract two years ago were recognised as the first step in a journey of having contractual arrangements in place that enables Highways and Transportation to deliver its work efficiently and consequently support Leeds ambition of being the Best City. Keeping the status-quo and extending the current arrangement would not deliver the aspiration of driving the service and Leeds to a higher level.
- 3.5 It is intended that the new contract will introduce:
  - i. Employment & Skills – requiring the contractor to engage and deliver in developing the skills of local people and in the training of apprentices.
  - ii. Project Boards – to have the contractor engaged early in the forward planning of the works programme by collaborative working on Project Boards which will help to ensure that resources are available when required.
  - iii. Design & Build – to be able to have the contractor to deliver the project fully if best placed to deliver.
  - iv. NEC3 Option C – to look at introducing the ‘Leeds Model’ of pain/gain on scheme costs
  - v. NEC3 Option F – to be able to have the contractor to have a role of working with us to Manage Contracts

- vi. Greater Scope – one of the successes of the recent arrangement is how it has been embraced by service areas that have not used the Term Contract previously.

3.6 It is also recognised that there are areas of the existing contract that have been identified, that require reviewing and changing:

- i. Lots for low, middle and high value works.
- ii. Rates for low value works to be inclusive of Traffic Management.
- iii. Introduce option for having liquidated damages on work packages.

3.7 Leeds in conjunction with the West Yorkshire districts are working with the West Yorkshire Combined Authority to identify the most appropriate delivery mechanisms for the Transport Fund. It is recognised that such arrangements will not be in place for at least two years. This new Highways Term Contract is a two year contract with an option to extend for a further two years, would fit into this timetable. The inclusion of the proposed changes to the Term Contract will help the decision process of the West Yorkshire Combined Authority, by Leeds trying and testing a number of the practices that the combined authority will be looking at introducing on a much greater scale.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Consultation has taken place with the Finance Section who confirmed that the works would be funded from both the capital and revenue budgets as and when the works are required.
- 4.1.2 The various Service areas in Highways and Transportation will be consulted with during the preparation of the tender documents with the intention their engagement will influence its contents.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 Due consideration to equality will take place as part of the Corporate Procurement Process and it is currently not applicable for an Equality, Diversity, Cohesion and Integration screening / impact assessment to be undertaken at this time. However, equality screenings will be carried out on the individual schemes as appropriate once the contract is awarded.

### **4.3 Council policies and City Priorities**

- 4.3.1 The proposed tender of this contract will provide an efficient method of procuring this type of work.

#### **4.4 Resources and value for money**

- 4.4.1 The tender of this Contract is an efficient use of council resources and is judged to be value for money in comparison to preparing tenders for each individual scheme.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 There are no specific legal implications arising from this report. All activities relating to the procurement will be executed strictly in accordance with the Council's Contract Procedures Rules. In accordance with the CPR's for new contracts that may be used for expenditure of more than £250,000 the decision is subject to Call In.

#### **4.6 Risk Management**

- 4.6.1 This contract will ensure that the Service will be able to procure Highway works to a high standard of workmanship and competitive cost and the most effective way of achieving this is through the tender of the Highways Term Contract.

### **5 Conclusions**

- 5.1 The Highways Term Contract has proved to be an ideal method for Highways and Transportation to deliver its service and Capital Programme. With increasing demands made on the service to deliver its work quicker and at shorter notice, the benefit of having the Term Contract as a mechanism to meet these demands is fully recognised.

### **6 Recommendations**

- 6.1 The Chief Officer (Highway and Transportation) is requested to approve the request to tender the Highways Term Contract 2015 for a period of two years extendable for a further two years.

### **7 Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.