

Subject:	Traffic Signal & Control Equipment Contract		
Date of Meeting:	8 December 2016		
Report of:	Executive Director for Economy, Environment and Culture		
Contact Officer:	Name:	Sean Power	Tel: 01273 290544
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report seeks committee approval for a tender exercise to be undertaken for a sole supplier contract for the maintenance, installation and supply of the city's traffic signal and associated control equipment.
- 1.2 The contract will replace the current 12-year contract with Siemens Traffic which expires on 31st March 2017.

2. RECOMMENDATIONS:

That the Policy, Resources & Growth Committee:

- 2.1 Approves the procurement of a contract for the maintenance, installation and supply of traffic signal and associated control equipment for a term of 7 years with the option to extend for up to a further 3 years.
- 2.2 Grants delegated authority to the Executive Director for Economy, Environment & Culture -
 - (i) to carry out the procurement of the contract referred to in 2.1 above including the award and letting of the contract; and
 - (ii) to extend the contract referred to in 2.1 above for period(s) up to a total maximum of 3 years should he/she consider it appropriate at the relevant time.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Council has a statutory duty to provide road safety under the Road Traffic Act 1988 and network management under the Traffic Management Act 2004,

both of these typically include the use of traffic signals and traffic control equipment as covered by this contract. Where traffic signals are being used the Council has a duty to maintain them under the Road Traffic Regulation Act 1984.

- 3.2 The on-street equipment in operation in the Brighton & Hove City Council area currently includes 80 traffic signal installations, 95 signal crossings, 20 variable message car park or traffic information signs and 20 journey time detectors. There are also control, fault detection and monitoring computer systems located in Council buildings but supplied and maintained as part of this contract.

Current contractual arrangement

- 3.3 The current traffic signal maintenance and supply contract (held by Siemens traffic) expires on 31st March 2017 having operated for a period of 12 years starting 1st April 2005.
- 3.4 In order to ensure continuity of the service throughout the city beyond the expiry of the current arrangement, it is necessary to commence procurement for a new contract.

Outline intentions for the new contract

- 3.5 The proposed new contract will provide the maintenance, installation and supply of traffic signal and associated control equipment. The contract will provide for inspection and routine maintenance of the existing equipment, response to faults within a set timeframe (most likely as per the existing contract - 3 hours for serious incidents and 16 hours for non-serious incidents) and an out-of-hours call-out service when required at the request of the signal engineer or emergency services. The new contract will also allow the contractor to supply and/or install new equipment. The extent of this installation work will be largely determined by the level of external funding received and the continued high performance of the contractor.
- 3.6 It is anticipated that total works enabled through the proposed contract will be in the region of £600,000 per annum, of which approximately £300,000 per annum will be for fixed and reactive maintenance costs.
- 3.7 It is envisaged that capital-funded schemes will account for the remaining yearly spend of £300,000. It should be noted that this figure for capital-funded schemes is an estimate and is dependent to a large extent on the success of funding bids. There could therefore be significant positive or negative variation in annual spend.
- 3.8 One contractor will be selected to carry out all work under the contract and payment for these works will be based on the contractor's schedule of rates. It is envisaged that all maintenance work will be guaranteed to the appointed contractor with installation work being allocated to the contractor based on their competitive rates and satisfactory performance.

Procurement Process

- 3.9 The contract will be offered out to tender via an open tender procedure advertised in the Official Journal of the European Union (OJEU).
- 3.10 The tender process will follow a transparent methodology which gives fair and equal access to all suppliers in the market, and will evaluate suppliers' bids on a combination of price and quality criteria (most economically advantageous bid) in line with EU Procurement rules. It is envisaged that the evaluation criteria will be split between 60% on price and 40% on quality.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Various procurement options have been discussed with Finance and Procurement and procuring a contract through an EU process is considered the most suitable.
- 4.2 The option to bring the whole service in-house was considered with the Council taking responsibility for all maintenance, installation and emergency response. This option was discounted in part due to the large capital investment that would be required for equipment and facilities. The Council also currently has no experience in this very specialised field that consists of electronics, computing, communications and traffic control. It was deemed that the large reorganisation that would be needed to bring the service in-house, including the TUPE of staff from the existing contractor, the establishment of a new management team and the training of staff, did not make this a viable option.
- 4.3 The option of collaborating with Surrey, East Sussex and West Sussex County Councils was also given detailed consideration over the preceding 18 month period, but discounted due to the differing priorities and contractual requirements between the Councils.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Other local authorities of a similar size and makeup have been consulted along with suppliers in the market. Feedback has reinforced the proposal to pursue a sole supplier arrangement just for our Council and will be used to influence the contract standards set out in the specification.
- 5.2 Other departments within the Council's transport division have been consulted regarding the proposed fault response times.

6. CONCLUSION

- 6.1 The procurement and award of this sole supplier contract will help the Council deliver its priorities to achieve value for money and to provide high quality service in road safety, traffic management and real time traffic information. In approving the procurement and award of this sole supplier contract, the Council will enable the means not only to fulfil its statutory duties but also help deliver corporate priorities.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The proposed procurement is subject to compliance with the Council's Contract Standing Orders and Financial Regulations. The Council's Contract Standing Orders state that contracts above the value of £0.500m require approval from the relevant Committee or executive decision-making body. The procurement process will be prepared on a basis to maximise economy and effectiveness, and will therefore support achieving value for money. The achievement of value for money when procuring goods and services is a key task to ensure that public money is well spent.
- 7.2 The detailed financial implications of the recommendations in the report will be dependent on the outcome of the procurement process. It is anticipated that the revenue costs associated to the proposed procurement will be funded from approved budgets within the City Transport service. Any variation between contract costs and approved budgets will be reported as part of the budget monitoring process. Any capital expenditure associated to the contract will be funded from the capital programme approved by the Policy, Resources & Growth Committee.

Finance Officer Consulted: Steven Bedford

Date: 25/10/16

Legal Implications:

- 7.3 The Council has a duty with regard to road safety, network management and to keep the existing equipment operational.
- 7.4 The Council has a duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of 'economy, efficiency and effectiveness'. Supply of this service in a manner that attracts the most economically advantageous bid supports this principle.
- 7.5 The Policy, Resources & Growth Committee is the appropriate decision-making body in respect of the recommendations at paragraph 2 above, given that the value of the contract which is the subject of the proposed tendering exercise is likely to have corporate financial implications.
- 7.6 Further, the Council's Contract Standing Orders (CSOs) require that before expressions of interest can be invited from potential bidders for a contract valued at £500,000 or more, approval must be obtained from the relevant committee, which in this instance is the Policy, Resources & Growth Committee due to the value involved.
- 7.7 The procurement of the new contract must comply with all relevant European and UK public procurement legislation as well as the Council's CSOs. The value of the proposed contract means that the Public Contracts Regulations 2015 will apply in full to the procurement. The opportunity will need to be advertised in the OJEU. Tenders will be scored on the criteria of quality and price as part of the evaluation process.

- 7.8 The new contract should contain robust transitional arrangements to avoid any unnecessary costs to the Council and disruption to the public at the end of the contract period.

Lawyer Consulted: Isabella Sidoli

Date: 27 October 2016

Equalities Implications:

- 7.9 The Council's Code of practice on Equalities and Workforce Matters is enforced in all procurement and is incorporated within this contract agreement
- 7.10 It is believed that there will be a TUPE requirement for the existing Siemens staff should another contractor be successful in winning the new contract. Further investigation will be undertaken to fully understand the implications of TUPE for this procurement prior to the tender being carried out.

Sustainability Implications:

- 7.11 The current specification for new traffic control equipment includes a requirement for low energy consumption equipment and long life / low maintenance LED lamps. This will continue to be a requirement in the new contract and contractors will be invited to submit their innovative ideas detailing how they can play a key role in driving forward our sustainability agenda.
- 7.12 Living wage standards will also be considered as a requirement of this framework contract.

Any Other Significant Implications:

- 7.13 In recent years the Council has been innovative in its use of traffic signals to promote and enhance alternative and sustainable travel especially in the areas of pedestrian crossings, cycle lanes and bus lanes. The intention is to continue this work utilising new technology as it becomes available in partnership with the incumbent traffic signal maintenance contractor.

SUPPORTING DOCUMENTATION

1. None