

Subject:	Traffic Signal & Control Equipment Contract		
Date of Meeting:	4 December 2014		
Report of:	Executive Director, Environment, Development & Housing		
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 The report seeks approval for the tendering of a framework agreement for the maintenance, installation and supply of the city's traffic signal and associated control equipment.
- 1.2 The framework agreement will replace the current 10-year contract with Siemens Traffic which expires on 31st March 2015.

2. RECOMMENDATIONS:

That the Committee:

- 2.1 Approves the procurement of a framework agreement for the maintenance, installation and supply of traffic signal and associated control equipment for a term of 4 years.
- 2.2 Grants delegated authority to the Executive Director Environment Development and Housing -
 - (i) to carry out the procurement of the framework agreement referred to in 2.1 above including the award and letting of the framework agreement; and
 - (ii) to enter into any subsequent call-off contracts to the framework agreement referred to in 2.1 above 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.

Previous contractual arrangement

- 3.3 The current traffic signal maintenance and supply contract (held by Siemens traffic) expires on 31st March 2015 having operated for a period of 10 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 therefore necessary to commence procurement for a new contract.

Intention of Environment, Development and Housing to develop new framework

- 3.5 The proposed new framework will provide the maintenance, installation and supply of traffic signal and associated control equipment. The framework 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 - 4 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 framework will also allow the contractor to supply and/or install new equipment. The extent of this work will be largely determined by the level of external funding received and the continued high performance of the contractor.
- 3.6 East Sussex County Council will be permitted to use this framework agreement to directly call off the contractor to undertake the maintenance, installation and supply of its own traffic signal and associated control equipment, and will call off any work utilising the framework's Schedule of Rates, which should enable the authority to benefit from useful cost savings.
- 3.7 Under a framework agreement, there is no guarantee of work and therefore no contract value in its own right. However it is anticipated that works enabled through the proposed framework agreement will be in the region of £1.6million per annum, with fixed and reactive maintenance costs estimated at approximately £300,000 per annum for Brighton & Hove City Council and £120,000 per annum for East Sussex County Council. This value is totally dependent on separately identified and approved funding streams and as such there could be significant positive or negative variation in annual throughput.
- 3.8 It is envisaged that capital-funded schemes will account for the remaining yearly spend divided between the two authorities, with Brighton & Hove accounting for £300,000 and East Sussex the remaining £880,000. It should be noted that these figures for capital-funded schemes are estimates and dependent to a large extent on the success of funding bids.

- 3.9 One contractor will be selected to carry out works under the framework agreement. Works will be carried out under “call-off” arrangements. Payment for these works will be from the framework’s Schedule of Rates. The framework offers no guarantee of work for the appointed contractor.

General Benefits of the Framework

- 3.10 Using a framework agreement has a number of benefits as the council (as well as East Sussex County Council who would be named on the framework) would have the ability to directly “call-off” contracts at short notice without the need to undertake a time-consuming comprehensive contract award process, which therefore reduces administrative effort and costs. It also allows the authorities the flexibility to determine specific requirements at the “call off” stage. By collaborating with East Sussex County Council the council will be able to generate greater economies of scale which will result in higher cost savings during the future contract.

Procurement Process

- 3.11 The contract will be tendered via an open tender procedure advertised in the Official Journal of the European Union (OJEU).
- 3.12 East Sussex County Council has been invited to collaborate in the tender process, and have been present through the process of soft market testing (pre-procurement market analysis). The council will lead on this procurement.
- 3.13 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.
- 3.14 The council will utilise the NEC3 (New Engineering Contract) form of contract which fosters a greater spirit of collaboration between all parties. This form of contract fits in well with the current economic climate in which the council is desirous of working more closely with other providers and public authorities in order to achieve greater cost savings and efficiencies.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Various procurement options have been discussed with Strategic Finance and Procurement and this form of framework, procured through the EU process is considered 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.

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 framework arrangement and will be used to influence the contract standards set out in the specification.
- 5.2 Other departments within the council's Highway department have been consulted regarding the proposed fault response times.

6. CONCLUSION

- 6.1 The procurement and award of this framework 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 framework 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 procurement process will be prepared on a basis to maximise economy and effectiveness, and will therefore support achieving value for money. The financial implications of the recommendations in the report will be dependent on the outcome of the procurement process. The costs associated with the proposed contract will be funded from existing budgets.

Finance Officer Consulted: Steven Bedford

Date: 10/11/14

Legal Implications:

- 7.2 The council has a duty with regard to road safety, network management and to keep the existing equipment operational.
- 7.3 The council has a duty to secure 'economy, efficiency and effectiveness' in all its activities. Supply of this service in a matter that attracts the most economically advantageous bid supports this principle and is in line with the EU procurement rules.
- 7.4 The Policy & Resources 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.

- 7.5 Further, the council's Contract Standing Orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee, which in this instance is the Policy and Resources Committee due to the value involved
- 7.6 The value of the proposed framework means that the UK Public Contracts Regulations will apply in full to the procurement of the Framework Agreement. The tender will need to be advertised in OJEU. The tender will be scored on the criteria of quality and price as part of the evaluation process.
- 7.7 Consideration must be given during the procurement to ensure that the new contractual arrangement contains 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: Oliver Dixon

Date: 10 November 2014

Equalities Implications:

- 7.8 The Council's Code of practice on Equalities and Workforce Matters is enforced in all procurement and is incorporated within this contract agreement
- 7.9 It is believed that there will be a TUPE requirement for the existing Siemens staff should another contractor be successful in winning the future 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:

- 7.10 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.
- 7.11 Living wage standards will also be considered as a requirement of this framework contract.

Any Other Significant Implications:

- 7.12 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

None