

**REPORT:** Executive Board

**DATE:** 7 September 2006

**REPORTING OFFICER:** Strategic Director, Environment

**SUBJECT:** New Term Contract for Surface Treatments  
April 2007 to March 2012

**WARD:** Borough Wide

## 1. PURPOSE OF REPORT

- 1.1 This report requests agreement to the preparation of an ad-hoc select list of suitable contractors for a new highway surface treatments contract to replace the existing contract that expires on 31<sup>st</sup> March 2007.
2. **RECOMMENDED: That an ad-hoc select list of suitable contractors be prepared and used to procure a new highway surface treatments contract in the form of a Partnering Arrangement based on a schedule of rates to run from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2012, with an option to extend the contract by a further five years by agreement of the parties.**

## 3. SUPPORTING INFORMATION

- 3.1 The existing term contract for "Combined Carriageway & Footway Surface Dressing and Footway Slurry Sealing Term Maintenance Contract (2002 to 2007) – Contract Number HE 334" expires on 31<sup>st</sup> March 2007. The new term contract needs to be in place before the above date to ensure continuity and a smooth transition of work to the successor contractor.
- 3.2 It is proposed that the new contract would be a framework document based on a schedule of rates but without specified work packages. Works orders and annual works programmes will be raised as necessary during the period of the contract. The contract would be for an initial five years and include an option to extend by up to a further five years by agreement of the parties and subject to quality thresholds that must be met for the Employer to consider the desirability of extending the contract.
- 3.3 The use of a schedule of rates format and a works order system of procuring works will allow for continuous alteration of the size and type of works and will easily allow for variations in funding allocations.
- 3.4 Construction cost inflation will be allowed for by including Variation of Price (VOP) clauses in the contract based on Dti published cost indices.

- 3.5 The estimated value of the works covered by the contract is an average of £225,000 for each of the initial five years of the contract.
- 3.6 Public notices will be given in local and appropriate national journals inviting expressions of interest from suitable specialist surface treatment contractors. A questionnaire will be prepared and sent to those contractors who express an interest in the new surface treatments term contract. The Operational Director will draw up an ad-hoc select list of suitable contractors after consideration of replies to the questionnaire and other contractor submissions.

#### **4. POLICY IMPLICATIONS**

- 4.1 The annual LTP settlement and Revenue funding means that contracts must be commenced as soon as possible within the financial year to enable a realistic works programme to be implemented. It is imperative that a smooth transition from the existing term contract to this new term contract occurs to enable this Council to meet its obligations as Highway Authority to the public and others safety.
- 4.2 The necessary close working relationship between the Employer and the new term Contractor must be developed for the proper working of the contract. The present unofficial partnering arrangement and contract ethos is working well, however it is recommended that the partnering option be included in the new contract to improve the teamworking approach.
- 4.3 The new contract would be formed under the (NEC) Engineering and Construction Short Contract standard form under Option X12 – Partnering Option. Partnering has been identified as giving significant benefits as well as cost savings, which accrue from the earlier sharing of information, savings in supply chain costs, and improved process selection by early contractor involvement.
- 4.4 The Partnering Arrangement would be in line with the Council's Procurement Standing Order 1.15 and with Key Objective 2 of the corporate Procurement Strategy: "*Deliver consistent and significantly better quality services that meet the identified needs of individuals and groups within Halton and develop mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers*".

#### **5. RISK ANALYSIS**

- 5.1 The main risks for the Council would arise from not having the new contract in place and the condition of the highway deteriorating to an extent that the Council would be exposed to claims for injury and damage. The risk of appointing an inappropriate contractor will be

mitigated by following the approved and established procurement processes.

## **6. OTHER IMPLICATIONS**

6.1 There are no additional financial implications associated with this report. Expenditure will be met from within approved budgets. Continuity from the existing to the new term contract is essential to enable staff to carry out design and supervise construction of the works programme (both LTP and Revenue funded) within the agreed timescales.

## **7. EQUALITY AND DIVERSITY ISSUES**

7.1 There are no specific issues that will not be addressed by following the approved and established procurement processes.

## **8. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None