

**3 October 2013**

**Agenda Item: 5**

## **REPORT OF THE SERVICE DIRECTOR, HIGHWAYS**

### **CONTRACTS FOR THE DELIVERY OF EXTERNAL HIGHWAY WORKS**

#### **Purpose of the Report**

1. To seek Committee approval to enter into a formal contract with Nottingham City Council and Derby City Council to deliver highway construction and maintenance services to them under their Framework Contract and to seek authority to submit future bids and undertake work for other external organisations as and when they arise.

#### **Information and Advice**

2. Highway Operations Group operates as a trading service, delivering highway construction and maintenance, and associated work for the County Council. Occasionally when surplus capacity exists, the Group also provides prices to, and if successful undertakes work for, other public bodies and private organisations.
3. For a number of years, Highway Operations Group has submitted a tender to Nottingham City Council for inclusion on their framework contract for highway services, and this has generated a nominal income for the Group. This arrangement is permitted within the Local Authorities (Goods and Services) Act 1970 whereby the County Council can tender and undertake work for other public bodies.

#### Nottingham City / Derby City Framework Contract

4. In March 2013, following a submission of an expression of interest and a pre-qualification document, Highway Operations Group were invited to submit a tender for a jointly procured framework contract to provide highway construction and maintenance services to both Nottingham City and Derby City Councils for a period of 4 years from July 2013.
5. The framework contract is non-exclusive and seeks prices from interested contractors to deliver work in the administrative areas of each City Council. By submitting prices, there is no commitment on Nottinghamshire County Council or the procuring authority to undertake or award work, however the framework provides the cost and procurement mechanism to undertake discrete projects should capacity exist within Highway Operations Group and should the price submitted be favourable to the awarding authority.

6. In July 2013, Highway Operations Group was notified formally that they had been successfully included in the framework for the delivery of work across two lots: traffic signals and planned footway surface treatments.
7. The inclusion of Highway Operations Group on the framework contract is positive as it has provided a benchmark that the cost of work undertaken by the Group is competitive when compared against the open market, and it provides a potential opportunity for external income for the Group at times of surplus capacity.
8. Whilst there is no guarantee of work being awarded under the framework contract, it is anticipated that income in the region of £200,000 could be generated. The prices submitted in the tender include the full cost of undertaking work, including all direct and indirect costs, and a contribution towards the Group overheads.
9. Works undertaken through this arrangement will be managed to ensure that delivery does not compromise the delivery of the County Council's works programme or individual projects.

#### Future opportunities for external work

10. From time to time, Highway Operations Group is invited to submit bids for work for other organisations and public bodies. Financial Regulations requires the approval of Committee to enter into any contracts for the delivery of external work, however due to the limited time available between the invitation to submit a tender, notification of success and the commencement of the works, this does not always fit with Committee diaries.
11. In order to maximise the opportunity to deliver external work, where capacity exists and where the benefits of undertaking external work outweigh any risk to the County Council, it would be advantageous for authority to be given to proceed with any external work, up to a maximum individual contract value of £500,000 in any year subject to approval being given by the Corporate Director.
12. Any projects that are bid for and delivered under this approval would be included in a six monthly report to ensure that Committee is informed of all projects delivered and their financial performance.
13. Where tenders are sought for the delivery of projects of a higher value than that stated in paragraph 11, or where projects carry specific risks or implications for the County Council, individual approval will be sought from Committee.

#### **Reason/s for Recommendation/s**

14. Generation of income to offset any short-term surplus capacity, with the ability to cover fixed overheads and costs, will have a positive financial benefit to the Highway Operations Group's trading account.

## **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Financial Implications**

16. Work carried out under the Nottingham / Derby City Highways Framework or any other external contract will be managed in order to meet financial targets and the returns identified within the prices submitted for the works. The requirements of the financial regulations with regard to external works will be complied with to reduce risk to the County Council.

## **RECOMMENDATION/S**

17. It is recommended that Committee approves entering into the contract with Nottingham City Council and Derby City Council for the delivery of highway services as set out in the report.
18. It is recommended that Committee delegates authority to the Corporate Director Environment and Resources to enter into agreements for the delivery of external works by the Highway Operations Group up to a maximum individual contract value of £500,000 in any year in consultation with Chairman of Transport and Highways Committee.

**Andrew Warrington**  
**Service Director (Highways)**

**For any enquiries about this report please contact:**

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## **Constitutional Comments (CEH 12/09/03)**

19. The recommendations fall within the remit of the Transport and Highways Committee by virtue of its terms of reference.

## **Financial Comments (TMR 09/09/2013)**

20. The financial implications are set out in paragraph 16.

## **Background Papers and Published Documents**

None

## **Electoral Division(s) and Member(s) Affected**

All