

SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT,
HIGHWAYS AND ENVIRONMENT****MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS
SERVICES****LEAD OFFICERS: TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT AND
INFRASTRUCTURE****JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS
SERVICES****SUBJECT: TRAFFIC CONTROL SYSTEMS - PROCUREMENT OF
INSPECTION AND MAINTENANCE****SUMMARY OF ISSUE:**

The County Council is required to manage its road network to ensure safety and to minimise congestion.

Traffic Control Systems are an essential tool in achieving this. They include: traffic signals at junctions, pelican, puffin, toucan, and equestrian crossings, variable message signs, fire station "wig wags", car park counting equipment, bridge height warning (secret) signs and rising bollards.

This report provides details of the procurement process to award two separate contracts for the Inspection and Maintenance of our Traffic Control Systems, including the results of the evaluation process, and in conjunction with the Part 2 report, demonstrates why the recommended contracts offer best value for money.

Due to the commercial sensitivity involved in the contracts award process, the names and financial details of the potential suppliers have been circulated as a Part 2 report for Members (agenda item 22).

This contract procurement does not relate in any way to the deployment of temporary traffic signals to safely manage traffic through road works activities. The deployment of such temporary signals is approved and coordinated by the Street works team using powers under Surrey's New Permit Scheme

RECOMMENDATIONS:

It is recommended that contracts are awarded to the preferred bidders as agreed on the basis set out in the Part 2 report (agenda item 22).

REASON FOR RECOMMENDATIONS:

Surrey County Council is required to inspect and maintain traffic control systems on its highway network across the county.

TD24/97 "All Purpose Trunk Roads Inspection and Maintenance of Traffic Signals and Associated Equipment" (Volume 8, Section 1, Part 2 of the Design Manual for Road and Bridges 1997), provides specific minimum requirements to which all

Highway Authorities must adhere.

A full tender process for the inspection and maintenance of Traffic Control Systems, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

DETAILS:

Background and Procurement Strategy

1. The procurement objectives are to ensure traffic control systems are safe for use by all road users, vehicles, cyclists, equestrians and pedestrians, fit for purpose, efficient (to keep congestion to a minimum), and provide value for money, with due consideration to the wider highway network and local environment.
2. This is a specialist service, provided by specialist contractors, of which there are a finite number in the UK. Historically within Surrey the contracts have been secured directly with these specialist contractors, apart from a short time within the Highways Partnership Contract when services were procured via Carillion. Substantial financial savings were made when withdrawing from the Carillion Contract and returning to contracts secured directly with the specialist contractors.
3. This contract procurement does not relate in any way to the deployment of temporary traffic signals to safely manage traffic through road works activities. The deployment of such temporary signals is approved and coordinated by the Street works team using powers under Surrey's New Permit Scheme.
4. To accommodate the two separate required terms of contract the preferred option was to let two separate contracts. Lot 1: the annual and electrical inspections of traffic control systems and Lot 2: the day to day maintenance, chargeable repairs and refurbishments, bulk lamp changing and maintenance inspections of traffic control systems, to best meet the periodic inspection regime required by DfT Standards and to enable adequate auditing of the performance of the maintenance contractor.
5. The Inspections contract will be for five years to accommodate the inspection frequency specified in the legislation and standards referred to above. All installations must be subjected to full electrical inspections at intervals of no more than six years. Surrey County Council Highway Services programme these at every five years to allow for slippage and a shorter contract term would not be able to accommodate the required programme.
6. It was also felt beneficial to have a 3+2 year maintenance contract as opposed a combined 5 years contract in order to incentivise maintenance performance
7. As part of the market and procurement analysis, SCC reviewed the opportunity to collaborate with neighbouring local authorities in the SE7 Region. All SE7 authorities were asked if they wished to be included in the tender process but none were in a position to tender at this time.

8. A joint Procurement and Project team was set up including representatives from, Surrey Highways, Surrey Procurement and Commissioning, and Legal Services. The contract(s) has been let as a competitive tendering exercise, using the OJEU Restricted Procedure.
9. Steps were taken to stimulate interest in the market, which was introduced to the supply base through a series of supplier engagements.
10. The procurement activity included a pre-qualification stage, where eight suppliers expressed an interest in the advertised tender opportunity. These suppliers were evaluated to ensure they had the legal, financial and technical capacity (including their health & safety and equal opportunities policies) to undertake the Contract. The results of this process were that of the eight suppliers who expressed an interest, five were short listed for the Maintenance contract and six for Inspections.
11. Given the limited size of the market the option to complete the tendering process by e-auction was rejected.
12. An invitation to tender was sent to all short listed suppliers. These tenders were then evaluated against the criteria and weightings in the part 2 report.

Key Implications

13. By awarding a contract to the supplier(s) recommended in the Part 2 report for the provision of Lot 1 Inspection and Lot 2 Maintenance of Traffic Control Systems to commence in April 2014, the Council will be meeting its duties and ensuring value for money.
14. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract, recorded on the Fault Management System and reviewed at monthly operations meetings;

Lot 1 KPIs	Type	Detail
KPI 1	Annual Inspections	Timely completion and administration
KPI 2	Electrical Inspections	Timely completion and administration
KPI 3	Street Works	Permit Application/adherence compliance
KPI 4	Street Works	Signing, lighting & guarding of works
KPI 5	Street Works	Reinstatement of the Highway

Lot 2 KPIs	Type	Detail
KPI 1	Routine Maintenance	Timely attendance and resolution
KPI 2	Routine Maintenance	Completion of jobs
KPI 3	Works	Timely attendance and resolution

KPI 4	Works	Completion of jobs
KPI 5	Maintenance Inspections	Timely completion and administration
KPI 6	Scheduled Optical Maintenance	Timely completion and administration
KPI 7	Street Works	Permit Application/adherence compliance
KPI 8	Street Works	Signing, lighting & guarding of works
KPI 9	Street Works	Reinstatement of the Highway

15. The management responsibility for the Contract lies with Surrey Highways and will be managed by the Traffic Signals team in line with the Contract Management Strategy and Plan as laid out in the contract documentation; initially withholding a percentage of monthly payments until satisfactory performance is recovered, and permanently retaining a percentage of payments if performance is not recovered within specified timescales.

CONSULTATION:

16. Stakeholders consulted at all stages of the commissioning and procurement process included Surrey Highways, Surrey Procurement and Commissioning and Legal Services.

RISK MANAGEMENT AND IMPLICATIONS:

17. The contract is the standard NEC3 form of contract. This allows the Council to terminate the contract with notice periods agreed with the Project Manager.
18. All short listed contractors successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the pre-qualification stage.
19. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Failure to adhere to adequate inspection schedule and capital replacement/revenue maintenance programmes could result in litigation claims against the County Council should systems performance be seen as a contributory factor in personal injury, fatality,	Quality, specialist contractor appointed through robust contract procurement exercise. Regular monthly contract performance meetings to ensure adherence to works programmes and agree recovery actions if required. KPIs linked to contract payments to incentivise performance.

	loss of trade.	
Reputational	Successful supplier does not have necessary skills, experience and technical knowledge to satisfactorily complete the elements of the contract(s)	Tender process to include 40% quality element towards overall contract(s) award, including clarification meetings if any officer concerns remain post tender process.
Reputational	Poorly maintained traffic systems could increase delays and congestion, therefore discouraging businesses moving to Surrey, discouraging visitors, affecting tourism and retail, and reducing the county's ability to meet the requirements of the Traffic Management Act 2004.	Quality, specialist contractor appointed through contract procurement exercise. Regular monthly contract performance meetings to ensure adherence to works programmes and agree recovery actions if required. KPIs linked to contract payments to incentivise performance. Sound asset management programme in place to ensure correct allocation of spend.
Financial	Required works volumes exceed approved annual budget, limiting work volumes allocated to contractor, leading to a deteriorating on-street asset.	Robust monthly financial reporting/forecasting ongoing. Early bidding process commenced for required Capital refurbishment monies over the 5 year period of the contracts and annual review of required revenue maintenance budgets between Traffic Systems Officers and Finance Officers. Sound asset management programme in place to ensure correct allocation of all available funds, with officers constantly seeking best practise opportunities to save money, such as recycling spare component parts from decommissioned traffic signal heads.

Financial and Value for Money Implications

- 20. Full details of the contract value and financial implications are set out in the Part 2 report. The estimated costs have been based on previous work volumes over recent years.
- 21. The procurement activity has delivered a solution with identified savings.
- 22. Despite more robust Key Performance Indicators (KPI) reporting requirements and service levels in the new contract, the recommended bids achieve a decrease in the cost of the contracts.
- 23. Benchmarking information will be shared with East Sussex and other SE7 authorities.

Section 151 Officer Commentary

24. All material financial and business implications have been considered as part of this report. The expected costs and savings are set out in the paragraphs above and in paragraphs 35 and 37 of the Part 2 report.

Legal Implications – Monitoring Officer

25. Legal Services have advised upon and approved the terms of the contract.

Equalities and Diversity

26. All equipment used includes the appropriate additional facilities and design standards, as nationally specified, to accommodate those with sight and other physical impairments.
27. The recommendations continue the current service with some improvements e.g. in response times. There is no requirement for an Equality Impact Assessment (EIA).

Other Implications:

28. The successful contractor(s) will have access to and will provide maintenance for all items listed in the Site Inventory (and any new installations) as part of the operation of the contract.
29. At the end of the contractual term, ownership of the contract will remain with: Surrey County Council

WHAT HAPPENS NEXT

30. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	4 February 2014
'Alcatel' Standstill Period	5 – 14 February 2014
Contract Signature	17 February 2014
Contract Commencement Date	1 April 2014

31. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

Contact Officer:

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Consulted:

Surrey Highways
Surrey Procurement and Commissioning
Legal Services
SE7 Authorities

Annexes:

Part 2 Annex attached as agenda item 22.

Sources/background papers:

- TD24/97 All Purpose Trunk Roads Inspection and Maintenance of Traffic Signals and Associated Equipment.
 - BS7671:2008 Requirements for Electrical Installations
 - IET Wiring Regulations Seventeenth Edition.
 - NEC 3 Term Service Contract April 2013
 - TD 07/07 Type Approval of Traffic Control Equipment
 - TA 12/07 Traffic Signals on High-Speed Roads
 - TA 16/07 General Principles of Control by Traffic Signals
 - TA 82/99 Installation of Traffic Signals and Associated Equipment
 - TA 84/06 Code of Practice for Traffic Control and Information Systems for All-Purpose Roads
 - TD 35/06 All Purpose Trunk Roads MOVA System of Traffic Control at Signals
 - TA 15/07 Pedestrian Facilities at Traffic Signal Installations
 - Safety at Street works and Road works Code of Practice
 - The Health & Safety at Work Act 1974
 - New Roads and Street works Act 1991 (NRSWA)
 - Traffic Signs Manual Chapter 8
 - Traffic Management Act 2004 (TMA)
 - The Management of Health and Safety at Work Regulations 1999
 - COSHH Regulations 2002
 - Provision and Use of Work Equipment Regulations 1998 (PUWER)
 - Working at Height Regulations 2005
 - The Health and Safety (Safety Signs and Signals) Regulations 1996
 - The Workplace (Health, Safety and Welfare) at Work regulations 1992
 - The Electricity at Work regulations 1989
 - The Waste (England and Wales) Regulations 2011, Environmental Protection Act 1990, Control of Pollution Act 1990
 - The Construction (Design and Management) Regulations 2007 (CDM)
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