



Committee Report

PURPOSE: Final Decision Report

KEY OR NON-KEY DECISION: Key decision over £500k spend/save & impacts more than 2 wards

COMMITTEE: Transport and Connectivity Committee

DATE: 24 October 2024

TITLE: Extend value of Highways Defect Response and Emergency Works Term Contract

Ward(s): Citywide

Officer presenting the report: Nick Pates

Job title: Highways Maintenance and Assets Team Manager

Committee Chair: Ed Plowden

Executive Director lead: John Smith: Executive Director for Growth & Regeneration

Proposal origin: BCC Staff

Purpose of Report:

1. To seek approval for an extension in the value of the Highways Defect Response and Emergency Works Term Contract.

Evidence Base / Options to consider:

1. This contract is essential in delivering BCC Highway statutory duties. This includes maintaining and repairing carriageways, fixing potholes, repairing footways, providing an emergency 24/7 response.
2. This is an 8-year contract and we are entering the last 12 months.
3. The value extension is required to prevent a breach of procurement regulation. The spend on the contract to date is £7,750,000.
4. This contract is used by a variety of other teams including parks, housing and parking services.
5. The contract has spent more than anticipated due to Covid, high inflation and additional works being procured through the contract because of pressures in other contracts.
6. Recommend an increase in the value of the contract by up to £3,000,000. This value includes a significant contingency for unplanned emergencies if they were to occur. Highways estimate to spend £1,650,000 to the end of the contract.
7. This extension is 37.5% of the existing contract value of £8,000,000.
8. Procurement of a new Highways Defect Response and Emergency Works Term Contract is in progress and will be operational in September 2025.
9. The extension in value doesn't require additional funds as the spend is already budgeted.

Officer Recommendations:

That the Committee for Transport and Connectivity:

1. Authorises the Executive Director of Growth and Regeneration in consultation with Chair of the Transport and Connectivity Committee to extend the value of the Highways Defect Response and Emergency Works Term Contract (2017-2025) by up to £3million.
2. Authorises the Executive Director of Growth and Regeneration to invoke any subsequent extensions/variations specifically defined in the contract, up to the maximum budget envelope outlined in this report.

Corporate Strategy alignment:

1. Ensuring BCC has fit for purpose contracts in place promotes sustained, inclusive and sustainable growth as set out in SDG 8.
2. As per SD13 Procurement of the right contract and KPIS will support us in taking action to combat climate change, specially through decarbonisation – ENV1.
3. This contract promotes economic growth through securing social value and community benefits as well as creating local jobs and delivering a living wage - ES3.
4. The contracts are fundamental in delivering aspects of Theme 6 – Transport and connectivity.

City Benefits:

1. Maintaining our highway assets is not only essential to meet our statutory obligations as a local authority but also to achieve our corporate goals. Improving the condition of our roads and footways will ensure we are a well-connected city linking people with jobs and services through well maintained and high-quality transport connections. A well-maintained surface will encourage our residents to walk and cycle more often which will improve wellbeing, help us meet our climate change obligations and reduce dangerous levels of air pollution. Our Corporate Strategy explicitly mentions a need for the council to focus on 'planned long-term outcomes not short-term fixes, prioritising early intervention and prevention.' By improving the condition of our highway assets now we will increase the resilience of our transport network, reduce disruption and potential elevated costs in the future through a well-planned programme of early interventions.

Consultation Details:

1. Growth and Regeneration Divisional Management

Background Documents:

[2016 Cabinet Report - Commence tender of new Highways Maintenance and Associated Works Framework and Statutory Emergency Response Contract](#)

Revenue Cost	£1,212,000	Source of Revenue Funding	10468 Footways 10475 Non-principal 10476 Principal
Capital Cost	£645,000	Source of Capital Funding	CRSTS
One off cost <input type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/> If yes - existing or new saving? N/A OR Income generation proposal <input type="checkbox"/>	

1. Finance Advice:

The report is seeking approval to increase the maximum value of the Highways Defect Response and Emergency Works Term Contract by £3m from £8m to £11m.

The current defects and emergency work’s contract was approved for procurement of goods and services up to the value of £8m in both capital and revenue expenditure. The Highways service is requesting an increase of £3m (*37.5% of the current contract value*) for the final year of the contract up to September 2025. This will be funded from the Highways and Traffic infrastructure capital programme, grant awards (including from the Mayoral Combined Authority), other government departments, as well as Highways, and other services revenue budgets, it does not constitute a new funding pressure for the Council.

The significant increase in contract value is to allow some contingency for unplanned emergency responses, including work by other services and price inflation. The increase does not constitute a request to increase budgets or approved spending and does not commit the Council to expenditure. Any revenue or capital expenditure against the contract must continue to follow Council Financial Regulations, delegated approvals, and procurement regulation, against funded budgets and within approved budget envelopes.

Strong contract management and forecasting must continue for the remainder of the contract, so risks to the contract can be effectively mitigated, ensuring value for money.

Finance Business Partner: Ben Hegarty, Finance Business Partner Growth and Regeneration, 9 September 2024.

2. Legal Advice:

Legal services will provide ongoing support in order to ensure that the necessary steps are taken in order to procure this extension in such a way as to be compliant with procurement law.

Legal Team Leader: Husinara Jones, Team Leader/Solicitor, 19 August 2024

3. Implications on IT:

I can see no implications on IT regarding this activity.

IT Team Leader: Alex Simpson, Lead Enterprise Architect, 7 August 2024

4. HR Advice:

There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner, 7 August 2024

Appendix A – Further essential background / detail on the proposal	No
Appendix B – Equality Impact Assessment (EqIA)	Yes
Appendix C – Environmental Impact Assessment (Environmental Impact Assessment)	Yes
Appendix D – Decision Risk Assessment	No
Appendix E – Exempt Information	No
Appendix F – Details of consultation carried out - internal and external	No
Appendix G – Options appraisal matrix	No
Appendix H – Business case / financial analysis	No