

## CABINET MEMBER DELEGATED DECISION - 9 MARCH 2021

**Report title:** Highways Services Contract

**Wards:** All

**Portfolio:** Deputy Leader of the Council (Sustainable Transport, Environment and Clean Air):  
Councillor Claire Holland

**Report Authorised by:** Bayo Dosunmu: Strategic Director for Resident Services

**Contact for enquiries:** Demos Kettenis, Contracts Manager, Environmental Services, 020 7926 2836, [DKettenis@lambeth.gov.uk](mailto:DKettenis@lambeth.gov.uk)

### REPORT SUMMARY

This report seeks approval to award a contract to Ringway via a direct award Call-Off using the Highway Maintenance Projects and Capital Projects Frameworks (LoHAC2) as procured by TfL once the current contract agreement with CVU expires on 31 March 2021. The contract is not an exclusive contract and will make provision for termination after two years and then every two years after that. This will ensure that the Council regularly reviews whether the contract continues offers value for money.

The part II report consists of the contractor's and other financial information and is exempt from disclosure.

### FINANCE SUMMARY

The Call-Off contract will be for 8 years with an option to extend for an additional 4 years subject to satisfactory performance. The average expected annual spend is £10m, therefore, the maximum total contract value is expected to be £120m including all extensions.

This cost is contained within the existing Highways capital and revenue budgets.

### RECOMMENDATIONS

1. To award the Highways Service Contract to Ringway for eight years from 1 April 2021 to 31 March 2029 with an option to extend for an additional four years to 31 March 2033 (8+4) subject to satisfactory performance, at an estimated annual value of the contract at £10m and a total maximum contract value of £120m including all extensions. The contract will effectively be exclusive but will make provision for early termination after two years and then every two years thereafter. The option of a biennial review will allow LB Lambeth to review and consider other opportunities during the term of this contract.

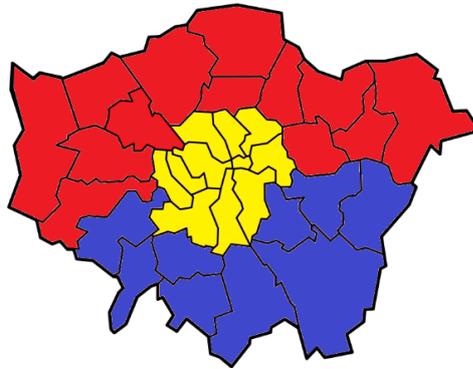
## **REASONS FOR EXEMPTION FROM DISCLOSURE**

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

Paragraph Three: Information relating to the financial or business affairs of a particular person (including the authority holding that information).

# 1. CONTEXT

- 1.1. The Council has an obligation under the Highways Act 1980 to maintain the public highway (both; in terms of safe for use and fit for purpose).
- 1.2. The LoHAC framework, launched on 1 April 2013, is a joint initiative between TfL and London's Boroughs, created to provide all London highway authorities with a supply chain able to deliver all design services and construction works, in relation to highway maintenance and improvement. Lambeth formed a Call-Off contract under this framework in 2014, to deliver Highway services. The current framework and contract agreement with CVU will expire on 31 March 2021, with no option for further extension.
- 1.3. In 2019 TfL commenced the re-tendering of the Highway Maintenance Projects and Capital Projects Frameworks (LoHAC2). The new set of three single contractor frameworks Lots will be for highway maintenance, capital renewals, enhancements and associated works and services. Each framework will cover its own geographical area across London, Lambeth being part of the Central area (Lot1).
- 1.4. The new framework (LoHAC2) will replace the London Highway Alliance Contracts (LoHAC); it will be for an 8-year term, with an option to extend up to a further 4 years starting on 1 April 2021.
- 1.5. The successful contractors on the Framework will share an estimated £1.4bn pipeline of work over an extended period, with each being responsible for a geographical area in London the successful contractors and their respective areas are shown on the table below: LBL will benefit from the economies of scale this framework offers as the schedules of rates will be the same for both TfL and LBL and are based on TFL forecast spend over the period of £1.4bn.



Lot 1 - Central Area

Lot 2 - North Area

Lot 3 - South Area

- 1.6. The LoHAC2 Contract allows Boroughs to enter a direct Call-Off Contract with their relevant core area contractor to provide services in their Framework area. LB Lambeth is in Lot 1, Central core area. Calling off Lot 1 is via a direct award with ability to negotiate terms and social value.
- 1.7. The scope of services for this contract include highway maintenance, asset renewal and improvement projects inclusive of:
  - 1.7.1. Site Investigations and Surveys, Design Services, Road Pavements, Kerbs, Footways and Paved Areas, Traffic Signs, Road Markings, Lighting, Fencing, Road Restrains Systems, Drainage, Earthworks, Horticulture, Arboriculture, Landscaping and Ecology, Bridges and

Other Structures, Street Furniture, Emergency Call-Out Service, Civil Engineering Support Works for Traffic Signals and Control Equipment.

- 1.8. The LoHAC2 framework agreement went live with TfL in February 2021 a delay of 4 months due to resource constraints associated with Covid19. However, Council officers commenced early engagement with the Lot 1 Central contractor, Ringway, to ensure a Call-Off contract recommendation approval is finalised in February 2021. This will allow for mobilisation and service delivery to commence after award and all relevant approval undertaken. The existing contract expires on 31 March 2021 with no option to extend.
- 1.9. The Council commenced negotiation with Ringway for a direct Call-Off contract in December 2020 and have since received their respective schedules of rates covering key elements of the contract and details of their offer/proposal, including social value commitment of 1% rebate of total annual spend.
- 1.10. The contract will effectively be exclusive but will make provision for early termination after two years and then every two years thereafter. The Council will review the contract for value for money ahead of the second anniversary and every succeeding two-year anniversary and if it deems it appropriate may terminate the contract early.
- 1.11. This report is a procurement report.

## **2. PROPOSAL AND REASONS**

- 2.1 The procurement was carried out as per the Procurement Strategy dated 26 January 2021.
- 2.2 As this is a direct Call-Off, there is no requirement to evaluate tender submissions. However, the mechanism to negotiate certain terms, scope, and social value was utilised. LBL has discussed all areas of the Statement of Requirements with the contractor and received a detailed proposal covering key element of the scope of service including social value commitment, on which the recommendation to award is partly based. In addition, a review of their business delivery methodology and price schedule was carried out to establish value for money. Details of their price submission and price comparison is in the part II report.
- 2.3 During the term of the contract, price comparison analysis will be carried out on a regular basis to determine value for money year on year.
- 2.4 The contract agreed in principle with Ringway has an option of a biennial review for both parties. This means that the Council could carry out a tendering or request for quote outside of the framework and if that rate or delivery offers the Council best value in comparison with Ringways offer at the time, the Council reserves the right to terminate the contract and go with that offer.
- 2.5 Table 1 below provides an outline of the key element of the proposal that was reviewed.

**Table 1 – Key elements of Ringways proposal**

<b>Service Details</b>	<b>Review Items</b>
Description of the Service	Details of provision of services including term of contract, social value of 1% contribution, and KPI's

Emergency Services and Reactive Repairs	Core service details and price including management system (Symology)
Covid-19 Guidance	Confirmation of compliance as published by the UK Government on 11 May 2020.
Summation of Quantities	Clarification of measurement of aggregated quantities for each Task Order.
Lane Availability Charges	Confirmation of works not be subject to lane charges
Design	Clarification to orders relating to carriageway, footway and other “renewal” type orders.
Appendix 1 – Core Service Proposal	Costs relating to Mobilisation, Contract Management, Depots and Reactive Repairs.

### Framework Criteria used by LB Lambeth

- 2.6 As part of this contract and in line with the framework agreement Ringway is required to develop and maintain a Strategic Labour Needs and Training plan as well as an Equality, Diversity and Inclusion (EDI) Action Plan.
- 2.7 The requirement of this contract is that Ringway will outline the recruitment policies and procedures to ensure that it does not discriminate or create unequal rates of pay between different protected groups, particularly in relation to disability, ethnicity and gender.
- 2.8 The Contractor will provide engagement, attraction, retention and development strategies for candidates from underrepresented groups including women and BAME people.
- 2.9 As this is a direct Call-Off award, the Council sought to negotiate increased outcomes in addition to the social value commitments already in terms of its social value requirements with the contractor.
- 2.10 The Council also carried out a price comparison analysis with the current contractor to ensure that the proposed contract is value for money. The analysis is contained in the exempt part II of this report.

### Contract Management

- 2.11 The contract will be managed by the in-house contract team. As part of the contract terms, the contractor or its representative is required to attend monthly progress meetings with the Service Manager to discuss progress of the contract and KPI's.
- 2.12 A new suite of KPI's will be agreed with the Contractor during the first six months of the Call-Off which will be unique to LB Lambeth. These will be based on Health and Safety, delivery, performance as well as Social Value Delivery Plan.

- 2.13 A new suite of KPI's, to replace the existing TFL targets, will be agreed with the Contractor during the first six months of the Call-Off which will be unique to LB Lambeth. These will be based on health and safety, delivery, performance as well as the Social Value Delivery Plan.
- 2.14 To comply with procurement and financial due diligence, a financial check was carried out using a Dun and Bradstreet check and it was determined that the overall business risk was low to moderate. As part of ongoing contract management for this contract, regular financial checks will be carried out on a 12-monthly basis.
- 2.15 The Council's contract management toolkit for the segmentation report for this Contract was carried out and the score was Level 2. Hence, the Level 2 Contract Management minimum requirement will be adhered to.

### **3. FINANCE**

- 3.1 There are no cashable savings to be made within this proposal, however there may be economies of scale and competitive rates achieved through the framework's promotion of joint working with TfL and other London boroughs.
- 3.2 An estimated £20,000 of staff time is anticipated for administrative work and this is included within existing budgets.
- 3.3 The Call-Off contract will be for 8 years with an option to extend for an additional 4 years subject to a satisfactory performance. The average expected annual spend is £10m, therefore the maximum total contract value is expected to be £120m including all extensions.
- 3.4 This cost is contained within the existing Highways capital and revenue budgets.

### **4. LEGAL AND DEMOCRACY**

- 4.1 The Council has delegated the authority to enact this report's recommendations to the Deputy Leader (Sustainable Transport, Environment and Clean Air), in consultation with the Leader of the Council. Before exercising that authority, this paper should be reviewed by the Procurement Board.
- 4.2 Under the Contract Standing Orders, all contracts with an estimated value of £100,000 or more must be competitively tendered to ensure that all tenderers have the economic and financial standing, technical ability, and resource capacity to fulfil the requirements of the authority. This report demonstrates how officers have complied with this requirement.
- 4.3 Procuring via a properly procured framework is compliant with the requirements of both the Council's Contract Standing Orders and the Public Contracts Regulations 2015 provided the Council is named, or is part of an identifiable group cited, in the original contract notice published in respect of the framework. The Council may directly award a contract if this is permissible under the framework's rules.
- 4.4 This proposed key decision was entered in the Forward Plan on 11 January 2021 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires

the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days – the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

## 5. CONSULTATION AND CO-PRODUCTION

5.1 As part of the development of the various gateway reports and approvals Highways have engaged and consulted with the various Sections and Departments including Legal, Finance and Procurement.

## 6. RISK MANAGEMENT

The Project Team responsible for the delivery of the procurement and management of the subsequent contract have developed a risk register in Table 2 below. The main risks that might impede on the successful delivery of this Call-Off and contract are:

**Table 2 – Risk Register**

Item	Risk	Likelihood	Impact	Score	Control Measures	Risk Owner
1	The contract is not in place in time for 1st April 2021	4	4	16	Liaise with TfL and ensure a Call-Off is formed with the Highway Maintenance Framework. Make all signatories aware of the urgency of their comments / approval. Ensure that alternative options including frameworks have been considered with a contingency plan in place should the LoHAC2 framework not be awarded with sufficient time. Seek depot space and bring reactive services in house. Liaise with CVU subcontractor about use of their vehicles post demobilisation.	Highways
2	Inadequate mobilisation period	4	3	12	Early engagement with the Contractor to agree priorities at the start of the contract, to ensure adequate resources are allocated in keeping network safe.	Highways
3	Inadequate revenue budget	3	3	9	Liaise with Finance and explore ways of increasing the allocation / budget.	Highways

					Note: spend in recent years has exceeded the allocation / budget. and Covid-19 have increased the footway width requirements. Liaise with the Contractor and look at options of reducing the specifications and response time and negotiate a reduction in costs.	
4	Inadequate quality of the contract / service	2	4	8	Ensure a robust specification is produced to mitigate this. Terms and Conditions include mechanisms to ensure increased service level from Contractor. Robust contract management systems in place	Highways
5	Contract contractor is unable to fulfil contract due to financial or operational issues	1	8	8	The successful contractor will be requested to submit a Business Continuity Plan in the event of ICT, vehicle, and staffing issues. Due diligence will also be carried out on the successful constructor, such as D&B checks.	Highways
6	Contractor unable to provide levels of resourcing required due to the impact of Brexit	1	4	4	The successful contractor will be specifically requested to submit their business readiness plans for Brexit.	Highways

#### Key

Likelihood	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

## 7. EQUALITIES IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, works promoters are required to provide auxiliary aids or services to enable disabled people to continue to use a service or route, and to overcome physical features. It is not only people who are disabled who can find temporary situations more difficult to navigate - children, older people or those with injuries or luggage will also benefit.

- 7.2 The capital works will improve conditions for the most disadvantaged sections of the community including people with disabilities, women, minority groups and people without access to a car.
- 7.3 A better resourced management regime will ensure compliance to the contract, better delivery and improved service levels.
- 7.4 As part of the framework, the Framework Agreement, the Contractor is required produce and submit to the Framework Manager for acceptance an Equality, Diversity and Inclusion (EDI) Action Plan.
- 7.5 The EDI Action Plan shall include:
- a. steps that the Contractor will take to tackle discrimination, harassment and victimisation on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation
  - b. outline the recruitment policies and procedures to ensure that the Contractor does not discriminate or create unequal rates of pay between different protected groups, particularly in relation to disability, ethnicity and gender
  - c. detail the steps the Contractor will take to publicise vacancies to encourage applicants from disadvantaged or underrepresented groups and have measures in place to proactively recruit a diverse workforce including at a senior level
  - d. demonstrate how the Contractor is actively engaging with local employment agencies and local unemployment programmes so that, as vacancies arise in respect of providing the Framework Agreement, local people, particularly from groups who are underrepresented in the workforce, are made aware of these opportunities and
  - e. detail the procedures for creating safe and inclusive workplaces including ways to deal with bullying, harassment and grievances, requests for reasonable adjustments / flexible working and staff assigned to deal with issues of this nature and a robust mechanism for implementation.

## **8. COMMUNITY SAFETY**

- 8.1 There are no crime and disorder implications arising from this contract.

## **9. ORGANISATIONAL IMPLICATIONS**

### **Environmental**

- 9.1 Environmental considerations formed part of the Evaluation Criteria for this contract. Ringway is a carbon positive company with a low-emission ULEZ, FORS and DVS compliant fleet from day one. All small tools and plant will be electric where available.
- 9.2 Ringway are in constant dialogue with vehicle manufacturers to encourage them to bring bespoke, low and zero emission innovation to their fleet. Their 4.25T electric vehicle commitment exceeds Contract requirements.

- 9.3 Ringway are accredited to ISO 14001, which includes controls to monitor and manage their contracts and drive continuous improvement. They aim to build on their well-developed baseline processes to develop what they say is an industry-leading contract-specific Environmental Management Plan (EMP).
- 9.4 No specific sustainability targets are specified but the Council has declared a climate emergency and is aiming to be exemplary. Responsible waste disposal is a core objective of the contract award as well as integrating flood mitigation solutions into the reconstruction work. The specification and methodology articulated in the specification for the tenders outlined the approach to the use of recycling materials.
- 9.5 The Highway Investment Plan aims to improve air quality and general environmental conditions by improving alternatives to the car thereby reducing car use and dependency. This will especially assist people who have not got access to private transport, underrepresented groups including women, children, people with disabilities and older people.
- 9.6 The Council's ambition is for a net zero carbon future. The proposed contractor is committed to improve the air quality within London in line with both the Mayor's Transport Strategy and their own Energy and Carbon Policy. Its management solution is designed to encourage delivery of a continually improving service and enable the partnership to achieve challenging Vision Zero targets and improving Healthy Streets Indicators by ensuring activities and goals are aligned to agreed outcomes.

#### **Health**

- 9.7 This contract supports Lambeth's Health and Wellbeing Strategy and in particular the objective 'People being able to make a contribution and to feel valued'. adds to the health benefits that are achieved by improving to the access to the public highway and the open spaces.
- 9.8 The investment aligns with the Council's public health duty as set out in the Health and Wellbeing Strategy (2013-2023) by helping to improve good physical and mental health through better access to higher quality green spaces. This also accords with the Joint Service Needs Assessment (Health) for Lambeth.
- 9.9 The contract requires Ringway to prioritise health and safety management practice and provide for all regulatory procedures and arrangements. This will include effective control of common and significant operational and product hazards, including risks generated by noise and vibration, pollution, pesticides, asbestos, other waste and contaminated materials.

#### **Corporate Parenting**

9.10

Not applicable.

#### **Staffing and accommodation**

- 9.11 There are no staffing implications for the Council. TUPE will apply to some staff employed by the incumbent contractor but that is a matter for the incoming contractor.

#### **Responsible Procurement**

*Good Quality Jobs with Fair Pay and Decent Working Conditions*

9.12 Lambeth's commitment to the London Living Wage (LLW) is required within the Call-Off requested order and specification outlining that direct employees and sub-contracted staff be paid the LLW of at least £10.55 per hour and any subsequent rises announced by the Living Wage Foundation. There is a requirement for the proposed contractor to comply with the Modern Slavery Act (2015). The terms and conditions will include provisions for the contractor to allow employees the freedom to join a trade union and not be treated unfairly for belonging to one.

*Quality Apprenticeships, targeted Employment for Lambeth residents and Lambeth Priority Group*

9.13 Training and employment opportunities for local residents as well as apprenticeship schemes will be requested as part of the Call-Off. This will include targeting jobs and apprenticeships at residents identified as a priority group in the Council's Skills and Employment Strategy, and advertising roles through Opportunity Lambeth. Lambeth officers have also negotiated a 1% social value rebate on all turnover spent with Ringway as part of their social value commitment.

*Reduce Emissions: Lambeth Council has a commitment to being net zero carbon by 2030*

9.14 The contractor was made aware of the council's commitment to net zero carbon during the Call-Off review/negotiation phase, prior to award. Documentary evidence has been received and Ringway are fully committed and support both the Mayor's Transport Strategy (MTS) and Environmental Strategy (MES), driving towards London becoming a Zero Carbon City by 2050.

9.15 Additionally, the method of construction will be guided by a site-specific environmental impact assessment to minimise negative impacts (e.g. noise/dust/pollution). Interventions will be around the construction vehicles employed (not diesel powered, and electric where practicable) and where appropriate the equipment used will be electric powered.

9.16 Ringway's tender submission achieved gold standard (exceeding TFL requirements). They have their own labs and coring services which will minimise hazardous tar removal for example which is very costly as well as damaging to the environment.

*Single Use Plastics*

9.17 Ringway is committed to work with TfL and LB Lambeth to standardise locally sourced material specifications to reduce both the number of items ordered and stored, and minimise delivery distances work with Supply Chain Partners to develop innovative, sustainable approaches for materials procurement and to reduce the use of plastic packaging.

9.18 Ringway will co-ordinate just in time delivery and appropriate storage of materials, reducing travel to site and therefore fuel and vehicle costs and the need for site compounds. They aim to achieve zero waste to landfill by 2025.

*Positive Health and Wellbeing*

9.19 The proposed Call-Off request is likely to result in the contracting of a contractor with more than 250 staff and therefore will be subject to the London Healthy Workplace Charter or signing of the Time for Change Employers Pledge and Suicide Prevention Strategies. Information around health and wellbeing, including charters that the contractor is signed up with, has been requested as part of the requirement.

9.20 Key elements of the contractor's depot solution will include installing IT infrastructure, welfare facilities, vehicle / tool charging points and storage. Active Travel Plans will also be prepared and implemented in the development of the depot.

9.21 The contractor's Environmental Manager will work with clients to reduce material use, select sustainable materials, and implement the waste hierarchy. Early Contractor Involvement from

Supervisors and SCPs aim to identify innovation, sustainable solutions and better ways of planning and delivering works.

- 9.22 As part of the Framework, the contractor is required to provide a Strategic Labour Needs and Training (SLNT) Plan to the Framework Client on a quarterly basis. This will detail the contractor's performance against the Agreed SLNT Plan.

*Other Offers (Innovation)*

- 9.23 The contractor has been requested to submit any additional innovative practices as part of Call-Off submission. Specific responses to this have been considered as part of the Call-Off process.

## 10. TIMETABLE FOR IMPLEMENTATION

- 10.1 The table below details the stages and deadlines for implementing the recommendations:

<b>Activity</b>	<b>Proposed Date</b>
Date published on Forward Plan	11th January 2021
Publication on Decisions online	1 March 2021
Cabinet Member Decision	9 <sup>th</sup> March 2021
End of Call-in Period (key decisions only)	16 March
Execution of Contract	1 April 2021
Mobilisation Period for Contract	3weeks from date of approval
Commencement of Contract	1 April 2021

## AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Claire Holland	Deputy Leader of the Council (Sustainable Transport, Environment and Clean Air)	16.02.21	26/02/2021	Entire Report
Councillor Jack Hopkins	Leader of the Council	26.02.2021	26.02.2021	Entire Report
Bayo Dosunmu	Strategic Director of Resident Services	15.02.21	18.02.21	Entire Report
Sandra Roebuck	Director of Infrastructure and Capital Delivery	15.02.21	18.02.21	Entire Report
Derek Roopnarine / Andrew Ramsden	Finance and Property	27.01.21	01.02.21	3
David Thomas	Legal and Governance	27.01.21	03.01.21	4
Maria Burton	Democratic Services	27.01.21	03.02.21	4
John Bennett	Economy, Culture & Skills	27.01.21	27.01.21	8
Henrietta Jacobs / Kevin Edger	Procurement	Jan '21	03.02.21	Entire Report

## REPORT HISTORY

<b>Original discussion with Cabinet Member</b>	01.02.21
<b>Report deadline</b>	N/A
<b>Date final report sent</b>	N/A
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	Yes
<b>Key decision report</b>	Yes
<b>Date first appeared on forward plan</b>	11.01.21
<b>Key decision reasons</b>	Expenditure, income or savings in excess of £500,000.
<b>Background information</b>	None
<b>Appendices</b>	None

**APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION**

**I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:**

**Signature:** \_\_\_\_\_ **Date:** 15.02.2021

**Post:** **Demos Kettenis**  
Contracts Manager

**I approve the above recommendations:**

**Signature:** \_\_\_\_\_ **Date:** 18.02.2021

**Post:** **Bayo Dosunmu**  
Strategic Director for Resident Services

**I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** **Councillor Claire Holland**  
Deputy Leader of the Council (Sustainable Transport, Environment and Clean Air)