

Cabinet Member delegated decision 6 October 2017

Report title: Project Engineering Services

Wards: All

Report Authorised by: Sue Foster, Strategic Director Neighbourhoods and Growth

Portfolio: Councillor Jennifer Brathwaite, Cabinet Member for Housing and Environment

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Report summary

The report recommends that a contract for professional services is awarded to Project Centre Ltd for the term of one year to deliver transport and public realm projects, funded through the capital programme and external partners.

Finance summary

The contract will be delivered within the existing capital budget envelope and requires no new funding. In essence the call off contract provides an additional supply chain to be utilised to deliver the works programme which has already been confirmed and funded.

The estimated value of works required through the framework for 2 years is £963,000 and a full summary is provided in section 3.

The contract value for this work represents a “worst case scenario”/“upper threshold”. This means that the value is based on the maximum input that the supplier could apply to the projects in scope.

Recommendations

- (1) To access the Ealing Framework for a period of one year from 16 October 2017.
- (2) To award a call-off contract to Project Centre Ltd as the first ranked supplier of Lot 3 of the Ealing Framework for Highway Services, for the term of one year from 16 October 2017 for a maximum total value of £963,000.

1. Context

- 1.1 The Highways Service and Capital Programmes Team lead on the delivery of transport and public realm projects, funded through the capital programme and external partners. The aim of this procurement is to undertake a direct award of a call off contract for Professional Highways Services to the first ranked supplier of Lot 3 of the London Borough of Ealing Framework Contract (Project Centre Limited) to enable the authority to deliver against the committed programme of works.
- 1.2 Lambeth originally joined the Ealing Framework (LOT 3 Project Engineering Services) in 2012; the Framework was aimed at London local authorities delivering transportation schemes. The Framework provided expertise and enabled the Authority to call-off services – primarily: scheme design, traffic management and traffic order creation/management
- 1.3 Membership of the Framework (which has since expired) lapsed, resulting in:
- an over-reliance on the term contractor, FM Conway. This has meant that the Highways Service and Capital Programmes Team have been left without the flexibility to commission the best levels of expertise, get better value for money through more choice, or “switch on/switch off” resource as an individual project demands
 - the contract purchase agreement (CPA) (PCL contract number C004813) for Consultancy Services being exceeded, requiring a low value waiver.
- 1.4 The term contract with FM Conway has recently been extended until May 2018, but with a much reduced scope leaving the service at risk of not being able to deliver against its full remit of commitments. This is particularly true of the scope to deliver professional services, hence the need for this contract.

2. Proposal and Reasons

- 2.1 The Highways Service and Capital Programmes Team require access to a broad range of professional services in order to deliver public realm and highways works. The aim of this procurement, through a direct award of a call off contract for Professional Highways Services via the London Borough of Ealing Framework Contract, is to enable the authority to deliver against the committed programme of works by accessing services including: traffic modelling and surveying, design capability, safety work, traffic management making,
- 2.2 Accessing this framework provides business continuity and efficiency in service delivery, by providing access to a pool of specialist consultants on favourable rates, without the need to carry out single procurement exercises for individual projects. Agility is critical as there are time constraints within the Programme of Works and many of the Transport for London (TfL) Local Implementation Plan (LIP) funded projects need to be delivered within the financial year at risk of losing the allocated funding.
- 2.3 The framework also allows the authority discretion to carry out a mini-completion, restricted to the other named providers in the Framework, if it believes it will enable better value.
- 2.4 The report recommends a blend of in-house resources, continued use of the existing London Highways Alliance Contract LOHAC Framework for construction and this proposal to join the Ealing Framework for Project Engineering Services. This represents the best option in terms of quality and value for the authority, for the following reasons:

- Utilises existing in-house resources, but recognises the constraints of the current organisation structure
- Provides business resilience to deliver projects within the known programme of works and new emerging projects
- Provides flexibility for the service to seek value for money/best fit for each project
- Allows flexibility in terms of resources dependent on the phase of the projects and future demands
- Is agile and can respond to the time constraints of a one-year delivery project programme

This one-year contract will enable business resilience and afford time for the strategic procurement of a new comprehensive Highways Maintenance Contract and/or other provision

- 2.5 There is delegation within the terms of these framework arrangements for the business and contract manager which allows the service to hold mini-tender competitions with the other suppliers on the Framework (within Lot 3). These competitions will be subject to normal Lambeth procurement rules and be submitted to the Procurement Board. This delegation will be used on exercises where the justification to commission work to Project Centre is not clear and it is possible that better value can be obtained through the other suppliers on the framework
- 2.6 In summary the contract will facilitate the delivery of the various programmes which are key to deliver on the Council's commitments to the community as part of its Borough Plan (September 2016) and the terms of the grant for the annual planned programme of funded works through the Transport for London (TfL) Local Implementation Plan.

3. Finance

- 3.1 These projects, delivered with support from this contract, are primarily funded through Transport for London (TfL) Local Implementation Plan (LIP) allocations. The budgets for all these projects are funded on formal grant arrangements or have been agreed through Lambeth's formal decision-making process.

Total Highways/Capital Programme in Scope	Total Value of Works £	Professional Services Total Support required from this contract £	Funding Source
Local Implementation Plan (LIP) 2017/18, Principal Road London transport fund	£2,920,000 £420,000 £100,000	£315,000	Transport for London LIP Grant
Cycling Programme, including Local Grid and Quietway	£2,317,255	£288,000	TfL-Funded work: Cycling Quietway, Cycling Grid (LIP)
Our Streets Programme (2017/18 and into 2018/19)	£475,000	£45,000	Mix of LIP, Section 106 and Capital Receipts

Major Highways Schemes, including Westminster Bridge Road and Norwood Road	£789,000 £3,155,028	£225,000	Section 106 and LIP Grant
Other Reactive Works	£1,000,000	£90,000	Section 106, Reactive Revenue Maintenance Budgets
Total	£11,176,283	£963,000	

3.2 Accessing this Framework, which is no cost, accords with Lambeth’s model to ensure value for money in the delivery of projects, providing efficiency in service delivery and opportunities to deliver the annual Local Transport Plan programme and other projects requiring specialist technical knowledge.

4. Legal and Democracy

4.1 The authority to approve the recommendations in this report is delegated to the Cabinet Member for Housing and Environment.

4.2 Ealing Council published a contract notice in OJEU in early 2016 naming Lambeth as an authority which would potentially call off the framework. The contract award notice was published in January 2017 and it is understood that there has not been any challenge to the contract awards. Accordingly, Lambeth may call off the framework so long as it abides by the framework terms and conditions and awards the call-off contract strictly in accordance with the prescribed rules. Ealing’s published framework rules generally require authorities placing call-offs to do so with the Project Centre Ltd as preferred consultant unless it cannot fulfil the requirement or there are other (objectively) justifiable reasons.

4.3 Engaging consultants through a framework will comply with the Public Contracts Regulations and with the Council’s contract standing orders so long as it meets the criteria set out in paragraph 4.2 above.

4.4 This proposed key decision was entered in the Forward Plan on 8 May 2017 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

A separate statement of the implications for consultation and co-production has not been drawn up for this procurement. All projects within the portfolio have governance arrangements which ensure the community and wider stakeholders are involved in the development of the principles and design of individual schemes.

6. Risk management

- 6.1 The approach to progress a procurement exercise to join the Ealing Framework (LOT 3 for Project Engineering Services) ensures that there is business resilience within the Highways and Capital Programmes Service.
- 6.2 The Ealing Framework affords another outlet to procure services, allowing more choice and flexibility. The call off contract enables access to the full remit of project engineering services without the need for a tendering exercise on each occasion and provides an assurance process and framework to specify and assess the value for money of services.
- 6.3 The following risks remain on the Risk Register and are being monitored

Item	Risk	Risk rating	Control measures	Officer Responsible
1.	Delay in procurement of Project engineering for Highways and Transport	MEDIUM	Sufficient time allowed, provided all deadlines met. See procurement timetable below. Realistic deadlines to be communicated to Stakeholders by project team.	DT
2.	Lack of savings	MEDIUM	In line with Ealing Framework evaluation criteria of 60% price/40% quality.	DT
3.	The prices received are too high and out of budget or contractors decline to tender	LOW	Desk-top review of pricing submitted to Ealing by Contractors and/or Carry out a mini-competition to secure best price with the 3 suppliers in Lot 3 of Ealing Framework	DT
4	Diligence	LOW	Ensure and state that due diligence has or will be carried out on the recommended provider including insurances, Dun & Bradstreet, relevant policies and processes including health & Safety	DT/Procurement Team

7. Equalities impact assessment

- 7.1 An Equalities Impact Assessments (EIA) has not been drawn up for this procurement exercise as separate EIAs will be drawn up for individual projects as they are initiated and commissioned.

8. Community safety

- 8.1 A separate policy/assessment of the implications for Community Safety has not been drawn up for this procurement, however many projects will have Community Safety Implications where an analysis is valid and these will be carried out. Statutory Consultation with the emergency services will be undertaken as appropriate in each project

9. Organisational implications

None. TUPE does not apply to this contract award

9.1 Environmental

9.2 A separate policy/assessment of the environmental considerations has not been drawn up for this exercise, although this was a factor in the moderation of suppliers in Ealing Council's procurement exercise. Each project manager as part of their remit to ensure that the relevant Environment Impact documents are completed and ensure project compliance with Lambeth's protocols

9.3 Staffing and accommodation

This procurement ensures business resilience whilst the in-house resources are recruited and trained to deliver to the required capacity. The call-off contract also allows resilience whilst the procurement strategy is agreed to have long term robust third party arrangements in place to deliver the Highway Maintenance contract. TUPE does not apply to this contract award.

9.4 Procurement

The exercise has been managed in collaboration with the Councils Procurement Team and the Procurement Strategy Report was presented to Procurement Board on 9th May 2017

9.5 Health

None

10. Timetable for implementation

10.1 The contract will be managed and monitored within the Capital Programmes Team Programme Board. This will ensure that the commissioning of work is signed off and monitored through one set of governance. Monthly contract meetings against a set agenda will be initiated with Project Centre to provide structure. The framework arrangements insists on the use a work brief template which will ensure consistency.

Activity	Proposed Date	Officer responsible
Strategy (GW2) Procurement Board date	09/05/17	DT Complete
Finalise specification for the project	June 2017	DT – as per the Ealing Framework – complete
Sign access agreement with the relevant Authority (LB Ealing).	June 2017	DT/Legal
Procurement Board date	29 August 2017	DT
Sign Call-off contract with Ealing	16 October 2017	DT
Contract commencement	16 October 2017	DT

Audit trail				
Consultation				
Name/Position	Lambeth directorate or partner	Date Sent	Date Received	Comments in para:
Councillor Jennifer Brathwaite	Cabinet Member: Housing and Environment	24/07/17	25/07/17	N/A
Sue Foster	Strategic Director, Neighbourhoods and Growth	24/07/17	01/08/17	N/A
Raj Mistry	Assistant Director Neighbourhoods	12/06/2017	24/06/2017	Throughout
Andrew Burton	Head of Service	12/06/2017	24/06/2017	Throughout
Andrew Ramsden, Finance (finance clearance@lambeth.gov.uk)	Business Partnering	27/06/2017	21/07/2017	Finance summary and section 3
Legal Services David Thomas	Corporate Resources	27/06/2017	19/07/2017	Section 4
Democratic Services Maria Burton	Corporate Resources	20/07/2017	24/07/2017	Throughout and audit section
Katy Shaw	Governance	27/06/2017	29/06/2017	Throughout
Internal Officer Board	Date of meeting	Date Cleared by PB	29/06/2017	
Procurement Board	N/A	Date Cleared by PB	29/08/2017	
External	N/A			

Report history	
Original discussion with Cabinet Member	2 May 2017
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	Yes
Date first appeared on forward plan	8 May 2017
Key decision reasons	Expenditure, income or savings in excess of £500,000
Background information	Agreement to join Ealing Project Framework 2013 https://modern.gov.lambeth.gov.uk/mglIssueHistoryHome.aspx?Id=31016
Appendices	None

APPROVAL BY CABINET MEMBER 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** _____

Post Dan Thomas, Programme Manager, Capital Programmes, Neighbourhoods and Growth

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

Signature _____ **Date** 6 October 2017

Post Councillor Jennifer Braithwaite, Cabinet Member for Housing and Environment

Any declarations of interest (or exemptions granted):

Any conflicts of interest:

Any dispensations: