

Notice of KEY Executive Decision

Subject Heading:	Approval to extend the Maintenance, Repair and Replacement of Street Lighting, Other Illuminated Signs and Associated Electrical Equipment
Cabinet Member:	Councillor Osman Dervish, Cabinet Member for Environment
SLT Lead:	Barry Francis, Director of Neighbourhoods
Report Author and contact details:	Nicolina Cooper Interim Head of Highways, Traffic & Parking Nicolina.cooper@havering.gov.uk
Policy context:	Places: Havering is kept clean and safe by reducing the fear of crime in the borough Strengthening the attractiveness of our town centres i.e. Working with local businesses to create a safe, diverse and vibrant evening experience
Financial summary:	The extension will be funded from the revenue budget code A27700 641140 and capital. It is estimated that the 2-year contract extension value will be £2.0m (£1m/per).

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Reason decision is Key	(i) Expenditure in excess of £500,000; and (ii) Likely to have a significant effect on two or more wards
Date notice given of intended decision:	28 February 2021
Relevant OSC:	Environment
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input checked="" type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Maintaining and improving the borough's street lighting is a key administration priority directly linked to providing a safe borough and reducing the fear of crime. The Council must maintain repair and replace street lighting across the borough and has a duty to maintain all existing street lighting and illuminated equipment in accordance with the electrical Regulations BS 7671 (2018)

The Director of Neighbourhoods is asked to approve:

- The extension of the contract with VolkerHighways for the provision of the Maintenance, Repair and Replacement of Street Lighting, Other Illuminated Signs and Associated Electrical Equipment for a period of 24 months starting from 1 April 2022. Such approval is in accordance with the powers delegated and recorded in the Cabinet report of 18th January 2017.

AUTHORITY UNDER WHICH DECISION IS MADE

The Havering Constitution, Part 3, section 3.3.

Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.” Including:

General powers

(b) To exercise all the powers delegated to them personally and those powers delegated to Second Tier Managers and other staff members in their directorate where circumstances require and so far as legally permissible. Exercise of such powers should be recorded where appropriate. Where possible, a SLT member should give notice to a relevant staff member that he or she intends to exercise a specified power that is delegated to that staff member.

Contract powers

(b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract Procedure Rule 16.3.

Contract Procedure Rules (CPR) 19.4:

An extension to a contract may be made by a chief officer under the Scheme of Delegation provided that it was contemplated at the time the contract was awarded. For an award following an OJEU-compliant procurement, an extension may be approved if:

- *the published notice permitted the contract to continue past the defined period,*
- *the extension period does not exceed 50% of the awarded contract value, it will not mean that EU Threshold limits are exceeded by more than 50%; and*
- *performance by the contractor has been satisfactory.*

STATEMENT OF THE REASONS FOR THE DECISION

VolkerHighways were awarded the contract for a 5-year term from 1 April 2017. The full details of the award are set out in the Cabinet report of 18th January 2017 (Appendix 1).The

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contract is due to expire on 31 March 2022. There is an option to extend for a period of 24 months. The intention to extend must be agreed between the Council and contractor 12 months prior to the end date of the contract.

Contract performance has been monitored through monitoring the KPI and contract meetings, throughout the term and the contractor has met the expected standards as set out in the contract. The contractor has delivered schemes within set timescales and budget provision.

In accordance with the contract and to support local communities the supplier has delivered the following social value aspects during the contract to date:

- Employed a local apprentice ensuring they attain NVQ Level 3
- Engaged local companies and SME's
- Allowed time off for staff to undertake volunteering – clothing the homeless and community food donations and deliveries
- Charity fundraising
- Responsible sourcing of products in accordance with BES6001
- Waste diversion from landfill
- Membership of Considerate Contractors Scheme

The contractor has considered the ongoing social value aspects of the contract and have confirmed that the following provision will continue to be included as part of the contract extension:

- Donate £1 for every near miss
- Ensure another local apprentice is engaged during the extension period
- Provide at least one weeks work placement to a person from a hard to reach group each year until the end of the contract
- Identify a volunteering project within the borough to spend their paid volunteer day on
- Continue to encourage charitable giving, supporting their staff to maximise the money raised
- Better their CCS score

Council officers have established and maintained a positive working relationship and the contract is considered to be working successfully

During the term of the contract, a schedule of rates has been applied which will continue to be applied during the extension. In accordance with the contract, a CPI increase will be applied.

The original contract value was up to £7m over the term of the contract, 5 years with an option to extend for 2 years. The actual expenditure is dependent on works incurred during the extension period. The value of the extension has been calculated by attributing the total value evenly across the whole term including any extension.

Maintenance and repair costs will fall into revenue spend and any replacements and projects will fall to capital spend.

An extension will provide the Council time to carry out a full evaluation of all procurement options.

A neighbouring borough has approached Havering to explore the option to carry out a joint procurement exercise. An extension would provide the Council with an opportunity to explore this option potentially providing long-term savings and benefits.

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A proposed 24-month extension will provide sufficient time to carry out market testing and review and develop the service specification including relevant KPIs and monitoring mechanisms.

OTHER OPTIONS CONSIDERED AND REJECTED

Retender the Maintenance, Repair and Replacement of Street Lighting, Other Illuminated Signs and Associated Electrical Equipment Contract

Whilst there are the timescales to retender the contract it would prove challenging in the current climate for the following reasons:

- Brexit – Whilst an agreement was reached, it is early days and the UK may yet feel further impact from leaving the European Union. It is unclear at present of the total impact on this service or on future relationships. This presents the Council with a requirement to mitigate risk in respect of providing this service. Given the work that has taken place with the current supplier, we are confident that the risk to this service has been mitigated.
- Covid 19 – Councils along with suppliers are managing their way through this changeable situation. Due to the changes that are, still taking place, resources are susceptible to the virus causing possible loss of resource and redeployment of some resource to address Covid issues arising.

Do nothing

This would mean the current contract would expire on 31 March 2022. This is not an option as the Council has a statutory duty to maintain the public highway.

PRE-DECISION CONSULTATION

VolkerHighways, , Highways Team, Councillor Dervish, Lead Member for Environment

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Nicolina Cooper

Designation: Interim Head of Highways, Traffic & Parking

Signature:



Date: 24 March 2021

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. The contract provisions, in the form of the NEC3 Term Service Contract April 2013, include an option to extend the term up to a maximum period of 24 months, subject to the Council giving 12 months' prior written notice.
2. CPR 19.4 permits, *"a contract extension to may be made by a Chief Officer under the Council's scheme of delegation, provided that i) it was contemplated at the time the contract was awarded, ii) the proposed extension period does not exceed 50% of the awarded contract value and it will not mean that the [relevant] EU threshold limits are exceeded by more than 50%; and iii) the performance by the contractor has been satisfactory."*
3. Officers are satisfied that the proposed extension meets with the requirements of the CPR.
4. Under Part 2, Article 1(b)(6), *"Any person who for most of their duties (other than clerical or administrative) reports directly to the Head of Paid Service or directly to the Council or a committee or sub-committee of the Council"* is a Chief Officer, for the purposes of the constitution.
5. If approved, the extension will be completed as deed in line with the Council's Constitution.

FINANCIAL IMPLICATIONS AND RISKS

The cost of the extension (estimated to be c£1m per annum) will be funded from both revenue and capital.

Maintenance and repair of the current assets will be met from and kept within the existing revenue budget (A27700.641140), Any replacements and new projects will be funded from capital funding to be advised on individual project documentation as part of pre work quotes.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations in this report do not give rise to any identifiable HR risks or implications that would affect the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

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- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

There are no health and wellbeing implications or risks arising from this extension.

BACKGROUND PAPERS

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed

A handwritten signature in black ink, appearing to be 'B. Francis', enclosed within a faint, hand-drawn oval border.

Name: Barry Francis

CMT Member title: Director of Neighbourhoods

Date: 22nd April 2021

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Committee Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____