

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	26 November 2015
Title:	Term Contract for the Supply Installation and Maintenance of Traffic Control and Associated Equipment 2016 – 2021 (extendable to 2024)
Reference:	6991
Report From:	Director of Economy, Transport and Environment

Contact name: Adrian Gray

Tel: 01962 846892

Email: adrian.gray@hants.gov.uk

1. The decision:

- 1.1. That approval to procure and spend be given in respect of the contract for the installation and maintenance of traffic signals and associated equipment of up to eight years duration with an estimated value of £12 million.
- 1.2. That a ratio of 60% for price and 40% for quality is applied in tender evaluation of the items approved.
- 1.3. That the Director of Economy, Transport and Environment be given delegated authority to agree any variations to the items approved, in consultation with the Executive Member for Economy, Transport and Environment.

2. Reason for the decision:

- 2.1 The current contract for the installation and maintenance of traffic signals and associated equipment was awarded to Siemens Traffic Controls Limited (now Siemens Mobility – Traffic Solutions, a division of Siemens plc) in July 2011 following a competitive tender. The contract was for an initial period of three years to July 2014, with provision to extend the contract annually up to a maximum of two years to July 2016. Each extension was awarded as there were no performance issues and it was felt that the costs of the contract were less than would be achieved in an open tender such that extending the contract would represent good value for money. The contract cannot lawfully be extended beyond July 2016, and a decision is needed now to re-tender the service.

3. Other options considered and rejected:

- 3.1. An option to not re-tender the contract but instead negotiate the transfer of the service activities to other existing contracts e.g., the Street Lighting PFI arrangement, was

considered but rejected as regulations restrict this option, and the risk of challenge from the incumbent and/or other potential providers is too high.

3.2. The current contract is predominantly an attend and repair pay-as-you-go system where the client determines the work required and priority of an activity and raises separate task orders, reimbursing the contractor for time and materials. Alternative contract models exist for delivering the services including a lump sum for more or all service activities. Lump sum contracts specify the service required and transfer more risk to the contractor, but may result in higher and avoidable costs to the client. More recently new availability types of contract have emerged where the contractor has more freedom to plan activity. The cost of risk is likely to be lower than lump sum arrangements as the contractor has the ability to manage operations to limit exposure provided the availability criteria are met, but would not necessarily generate savings over and above a reshaped pay-as-you-go system and would require additional staff, increasing revenue costs. Investment in IT, needed for contract monitoring and billing, would also be large, with no guaranteed revenue savings. It is recommended that the existing pay-as-you-go system be retained as it offers more control over costs, increasing deliverability of savings now and in the future.

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker:
- 4.2. Conflicts of interest declared by other Executive Members consulted:

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

In reaching this decision I have taken into account the comments made at my Decision Day by Councillor David Simpson.

Approved by:	Date:
-----	26 November 2015
Executive Member for Economy, Transport and Environment Councillor Seán D T Woodward	