

Agenda Item No. 7(d)

DERBYSHIRE COUNTY COUNCIL

CABINET

10 January 2017

Report of the Strategic Director – Economy, Transport and Communities

**PROVISION OF HIGHWAYS AND TRANSPORT PROFESSIONAL
CONSULTANCY SERVICES (HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE)**

(1) **Purpose of Report** To seek Cabinet approval, under Protocol 2 of the Council's Financial Regulations, to extend the use of the Midlands Highways Alliance (MHA) framework contract for the supply of Highway and Transport Consultancy Services to April 2018, with an option to extend for a further year to April 2019.

(2) **Information and Analysis**

Background

The Council's highways and transport workload for capital projects has, for many years, exceeded the capacity of the in-house Highways Consultancy Service. In addition, projects sometimes require specialist engineering or transportation and experience that cannot be found within the Council. For the past two years the County Council has used the MHA framework to procure additional consultancy services.

Whilst revenue funds continue to decline, Local Transport Plan (LTP) capital funding has been forecast to be around £22m per year until 2020-21. The County Council is also currently in the middle of a £23m investment in a patching and surface dressing programme. Funding opportunities through the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP), and new funds recently announced to tackle congestion and road safety hotspots suggest that the funds for capital highways schemes will continue to be buoyant for a number of years in the future.

Current Arrangements

In April 2015, Cabinet approved the use of top-up consultancy services provided by AECOM through a framework contract procured by the MHA, of which the Council is a founder member. The MHA was launched in July 2007 and currently comprises 21 local highway authorities in the East Midlands.

Alliance members agree to work together to achieve efficiencies across a number of work streams.

The framework is known as Professional Services Partnership 2 (PSP2), and is the successor to PSP1 that the County Council used successfully for the four years between 2011 and 2015. This was awarded in April 2015 on a three plus one year duration, although Cabinet's approval for use of the framework was limited to two years from April 2015 to April 2017.

To date, the Council has secured a wide variety of services from the PSP2 framework. This has taken the form of both specialist services that require skills or experience not available within the in-house team and to supplement the capacity of County Council staff.

This work has included specialist areas such as:

- Civil engineering design.
- Railway works.
- Planning support.
- Principal bridge inspections.
- Flood studies.
- Landslips and geotechnical design.
- HS2 support
- Site supervision.

Projects supported include:

- Ilkeston station
- M1 junction 29 roundabout signal improvements.
- Landslips at Abney, Eyam, A57 and other locations.
- Queens Bridge New Mills roped access
- Via Gellia rock face stabilisation
- Retaining wall stabilisation at Matlock Bath and A610.
- Cromford Canal contamination advice.
- Pennine Bridleway improvements.
- Seymour Link.

AECOM has also supplied specialist staff to sit within County Council teams for specified periods of time to complement the work of those teams. This has boosted the capacity of highways and structures teams, as well as the Markham Vale project.

The £1.8m fees paid under PSP2 from April 2015 to the end of August 2016 have been funded by capital grants, mostly secured through the LTP. With

fees running between 15% and 20% of works costs, this corresponds to around £10m of works.

Under the PSP1 contract, the County Council spent approximately £4.3m over four years. Using the PSP1 and PSP2 contracts have generated around 12% savings for member authorities compared to anticipated costs without the framework. In addition, AECOM's performance for the past two years demonstrate that the partnership working has been effective and beneficial to the County Council's capital programmes.

Proposal

The MHA's PSP2 framework arrangements with AECOM were originally set for three years with the option to extend by a further year, subject to satisfactory performance. This means that current arrangements are established until at least April 2018 with the option to continue until April 2019.

The past two years' use of AECOM through PSP2 has proved successful in delivering the scale of the County Council's capital programme and in providing solutions to technically complex problems in the highways service. With capital funding levels looking to remain buoyant in future years, especially if the County Council is successful in securing competitive bids, the need to top up in-house resources will remain for the foreseeable future. The relationship with AECOM allows for a partnership approach to be developed, encouraging a collaborative relationship, greater flexibility in use of resources and a better approach to problem-solving.

It is therefore proposed that AECOM's services are secured for the remainder of the MHA framework, which is set to run at least until April 2018. Should the MHA decide to extend AECOM's contract on the framework to April 2019, it is also proposed that the County Council's use of the PSP2 framework is extended by the same period.

While AECOM has provided the bulk of external consultancy services since April 2015, additional arrangements were put in place to secure resources from six consultants on the Eastern Shires Purchasing Organisation (ESPO) framework 664. This was intended to increase the options available to the Council and minimise the risk of not achieving the Council's ambitious programmes of work over the next few years.

This has proved useful on two projects over the past two years and the intention would be to continue this arrangement. However, the framework will come to an end in early 2017 and, while a new framework is being tendered at the moment, it is too early to advise Cabinet of the selected consultancies and the new fee charges.

It is therefore intended to bring a separate report to Cabinet once the details of the new ESPO framework are clear.

For the PSP2 contract, performance indicators and client feedback will continue to be used to monitor progress and performance, together with regular progress meetings and performance reviews. Each work package will have an agreed target price and time frame, which will be monitored by the Client Officer. There will be support for users from the Council's Business Manager and Principal Engineer – Highways, with monthly invoicing and to ensure accuracy of fees. Management of the PSP2 contract will be by the various MHA boards attended by officers of the Council.

The Strategic Director – Economy, Transport and Communities has prepared a business case which has been approved by the Director of Finance and the Director of legal Services.

(3) **Financial Considerations** The MHA has previously undertaken robust assessments to ensure that the PSP2 tendered rates from AECOM demonstrate value for money. This has included comparisons with ESPO rates and other local Government frameworks. AECOM's fees will be met from capital grants and funds, such as the LTP and other scheme specific budgets, such as the Local Growth Fund.

(4) **Legal Considerations** The County Council is a member of the MHA and is therefore able to utilise the PSP2's framework contract. The framework contract has been procured by Leicestershire County Council as the lead authority, through the Official Journal of European Union (OJEU), on behalf of the members of the MHA. Use of the framework will be by way of the "direct call-off" of the single supplier. An assurance process will be in place to ensure that value for money is achieved.

(5) **Human Resources Considerations** Staff resources will be required to manage and support the work of consultants employed through both frameworks. The frameworks will be used to complement the in-house consultancy resources and boost capacity to match the workload or provide specialist design services.

(6) **Social Value Considerations** The use of AECOM resources enables the County Council to deliver, in a timely manner, important projects and programmes that help to boost the local economy and support the social and environmental wellbeing of the County and its citizens.

AECOM's main office for the framework is based in Chesterfield and therefore projects are expected to use local engineering and support staff.

Social value considerations did not form part of the MHA framework tender process. The Council will, however, build on the already good working relationship the Council has with the framework providers in an effort to extract social value that is proportionate to individual projects.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

(7) **Key Decision** No.

(8) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(9) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Richard Dawson, extension 35490.

(10) **OFFICER'S RECOMMENDATIONS** That Cabinet approves, under Protocol 2 of the Council's Financial Regulations:

- 10.1 The continued use of the Midlands Highways Alliance's (MHA) Professional Services Partnership 2 (PSP2) to engage AECOM for the supply of Highways and Transport consultancy services until April 2018, with the option to extend to April 2019 should the MHA's contract be similarly extended.
- 10.2 The submission of a regular report and update to the Cabinet Member for Highways, Transport and Infrastructure on the use of consultancy services from the PSP2 frameworks.

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