

Agenda Item No. 8(f)

DERBYSHIRE COUNTY COUNCIL

CABINET

13 December 2016

Report of the Strategic Director – Economy, Transport and Communities

**SCAPE NATIONAL PROCUREMENT FRAMEWORKS (HIGHWAYS,
TRANSPORT AND INFRASTRUCTURE)**

(1) **Purpose of the Report** To seek Cabinet approval, under Protocol 2 of the Council's Financial Regulations, to use the Scape national procurement framework for the delivery of highways maintenance programmes and individual projects, to delegate authority to the Strategic Director – Economy, Transport and Communities, in consultation with the Cabinet Member – Highways, Transport and Infrastructure to award contracts under the framework.

(2) **Information and Analysis**

Background

The Council is responsible for the maintenance of around 3,500 miles of public roads and associated structures, retaining walls, street lights, traffic signals, signs and other assets.

Local Transport Plan capital funding now represents the majority of maintenance funds since revenue has been severely cut back. A significant element of this capital is incentivised to favour the principles of asset management. Adopting improved procurement methods and supply chain working helps to deliver measurable savings and efficiencies, and jointly procured frameworks help to realise these benefits.

The majority of the services needed to maintain the network are provided by the Council's in-house design and construction arm. Where appropriate, additional services are bought in to supplement the in-house teams where capacity issues or specialist suppliers have been necessary.

Derbyshire County Council is a shareholder and a founder member of Scape, which offers local authorities and other public bodies across the UK access to six different procurement frameworks across the built environment.

The Scape Civil Engineering and Infrastructure Framework was used in 2016-17 to source spray injection patching and surface dressing contracts worth around £1m and £1.5m respectively. Balfour Beatty was the management contractor, using approved suppliers who it had procured through open tender.

This proved to be a successful partnership, delivering work ahead of schedule and savings from the predicted outturn costs.

Business Need

The Council is in the midst of a major £23m programme of preventative works called the Accelerated Highways Maintenance Programme that is intended to extend the life of roads and reduce the need for reactive maintenance. Around £8m of work is planned for 2017-18.

The programme for 2017-18 is expected to include surface dressing of two dual carriageways in the County; the A61 and the A617. Their inclusion will be the subject of a separate report to Cabinet.

The nature of this type of road means that they carry the highest levels of traffic at high speeds between some of the key centres and roads in Derbyshire. In this case, both roads provide not only access to and from Chesterfield and Sheffield, but also act as the relief route north-south in the event of incidents on the nearby M1 motorway.

As such, there are considerable risks in carrying out this work. It is considered that Balfour Beatty, with its access to far greater resources than the Council, is far better equipped to plan and carry out the works under such extreme time-sensitive and traffic-sensitive circumstances.

It is expected that the cost of this work could be up to £1.5m.

In addition, following a successful contract for spray injection patching in 2016-17, it is proposed to procure this work for 2017-18 through Balfour Beatty. This has proved to be an effective and efficient means of tackling potholes ahead of surface dressing and in appropriate locations to locations on the network. Evidence from this year's programme saw the average cost of a pothole repair at £33 each compared to the national average of £56. The anticipated cost of the programme will be around £1m.

The 2015-16 capital programme included a number of studies into potential landslips and retaining wall failures. These are the result of a changing climate that sees more intense periods of prolonged rain that is considered to be causing failure of certain key elements of the network. Indications are that at least three retaining walls on the A610, in Matlock Bath, and on the B5065

near Alport, will need some urgent intervention to stabilise them and then follow up work to carry out permanent repairs.

By their very nature, retaining walls are often in locations with restricted access or where working methods need to minimise the disruption to traffic. As a result, the most effective solutions are usually found when designers and contractors work together on a collaborative scheme. It is considered that Balfour Beatty, using the Council's existing framework consultant AECOM or its own consultants, are ideally placed to provide the resources to be able to respond quickly and effectively as the details of the stabilisation and permanent works are established.

The urgency with which the early stabilisation work has needed to be commissioned, in order to prevent possible collapse, has necessitated the Chief Executive approving the engagement of Balfour Beatty under his executive powers. These works are estimated to be in the region of £1m but further investigation and design work will allow more accurate costings to be made.

Civil Engineering and Infrastructure Framework

The framework is operated using open book principles, meaning that the Council can scrutinise all tenders, prices and other information associated with the work packages. Value for money is achieved through competitive tendering with a minimum of three suppliers or sub-contractors, and the choice of supply chain will be agreed by the Council. Scape's performance indicators measure the proximity of suppliers, sub-contractors and staff to the works, ensuring as much spend as possible is invested locally.

The work will be managed and delivered by Balfour Beatty on behalf of Scape. The Council will pay overhead fees to Balfour Beatty, which are usually 2.5% of the contract price and a further 9% for management fees. Because of the relative lack of complexity of the jet patching and surface dressing work, it is likely that these fees will be reduced. In addition, a further 0.25% fee will be paid to Scape to cover framework management costs; this includes a 50% discount because of the Council's shareholder status.

The value of the framework over its four years is estimated to be in the region of £1.5 billion, and it is this buying power that helps to realise local efficiencies and savings. The work covered is wide-ranging, including programmes of work and one-off projects from just under £1m in value to £40m+.

Frameworks are effective because the packaging of projects into programmes of work offers suppliers continuity of work and provides an increased opportunity for standardisation, innovation and delivery of sustainable outcomes. Having the opportunity to package works could provide the County

Council with efficiency gains in relation to cost savings and resource efficiencies.

It is therefore recommended that the Council uses the Scape framework to deliver highways maintenance programmes and individual projects. The first contracts for 2017-18 will be to carry out the urgent retaining wall works as indicated in the report, with further contracts to deliver the jet patching and surface dressing works as outlined above. Should other projects or programmes be proposed for delivery using the framework, further reports will be brought to Cabinet.

(3) Financial Considerations The Scape framework is compliant with EU procurement legislation. The Scape Civil Engineering and Infrastructure Framework was awarded in compliance with the EU Public Procurement Regulations, following publication of a Contract Notice in the Official Journal of the European Union (OJEU).

The expenditure via the use of the Scape framework will be up to £1m for jet patching, £1.5m for surface dressing and £1m for the retaining wall works. These costs include the fees associated with the use of the framework.

Any expenditure utilising this contract could be contained within existing Local Transport Plan and Accelerated Highways Maintenance budgets.

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.

(4) Legal Considerations To enable the County Council to utilise this Framework, the Council will have to enter into an Access Agreement with Scape. Call-offs under the framework will be dealt with by way of a mini-competition.

The use of a non-Derbyshire County Council framework, under Protocol 2 of the County Council's Financial Regulations, is a two stage process; approval is required from Cabinet firstly to use the framework and secondly to make an award of contract under the framework. It is, however, considered appropriate in the circumstance referred to in the report for the award of contracts relating to jet patching and surface dressing to be delegated to the Strategic Director – Economy, Transport and Communities, in consultation with the Cabinet Member – Highways, Transport and Infrastructure.

(5) Social Value Considerations Scape's frameworks are committed to extensive use of local suppliers, ensuring that a significant proportion of project spend finds its way back into the local economy. The frameworks

incentivise local investment, offer upskilling and training support, fair and prompt payment and the use of small and medium enterprises.

In addition, the framework actively promotes social benefits from the expenditure and has a track record of providing local employment and apprenticeship opportunities.

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

(6) **Key Decision** Yes.

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

(8) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Geoff Pickford, extension 38194.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 9.1 Approves, under Protocol 2 of the Council's Financial Regulations, the Council use of the Scape Civil Engineering and Infrastructure framework.
- 9.2 Notes that the Strategic Director – Economy, Transport and Communities, in consultation with the Cabinet Member – Highways, Transport and Infrastructure will approve call-off under the framework for surface dressing, spray injection patching and retaining wall works for the 2017-18 Programme.
- 9.3 Notes that officers' will undertake further investigation of the use of the framework for other projects where appropriate.
- 9.4 Notes that quarterly reports will be submitted to the Cabinet Member – Highways, Transport and Infrastructure.

Mike Ashworth
Strategic Director – Economy, Transport and Communities