

Agenda Item No. 7(o)

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

24 March 2015

Report of the Strategic Director – Economy, Transport and Environment

**CONTINUATION OF ESSENTIAL HIGHWAYS AND TRANSPORT
CONSULTANCY SERVICES (HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE)**

(1) **Purpose of Report** To seek the approval of Cabinet for a temporary extension of current arrangements for the supply of highways and transport consultancy services until a formal contract can be awarded.

(2) **Information and Analysis**

Background

Derbyshire County 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, there are sometimes specialist engineering or transportation projects in the programme where the skills and experience necessary to carry out the work is not available within the Council.

For the past four years top-up consultancy services have been provided by URS (now known as AECOM), through a framework contract procured by the Midlands Highways Alliance (MHA), of which the Council is a founder member. The contract is known as Professional Services Partnership 1, abbreviated to PSP1, and is available to all 21 local authorities who make up the MHA.

Through PSP1, the Council has secured a wide variety of services, from specialist design capability for Ilkeston rail station to embedded staff working on the Markham Vale project. The contract has proved extremely flexible and has allowed the Council to buy in the resources to deliver a demanding capital programme. All fees paid under PSP1 were funded by capital grants, mostly secured through the Local Transport Plan.

The PSP1 runs out at the end of March 2015, having already been extended under the one year extension provided for in the contract. MHA has been progressing the procurement of its successor PSP2 since early 2014 and considerable interest was received from a wide variety of organisations, with 67 requesting information on the contract proposals.

However, in the autumn, it became apparent that only two consultancies – one of which was AECOM – had expressed interest in submitting tenders and subsequently passed the quality threshold.

Members of the MHA expressed concern that the contract may struggle to demonstrate value for money and spent a considerable time looking at options and alternatives before opting to press on with the tender process.

Subsequently, the other interested consultant has pulled out before submitting a tender, resulting in the MHA receiving only one tender in February 2015, from AECOM.

The MHA is developing a methodology that will help to demonstrate value for money from the PSP2 tender. Should the MHA's recommendation be to award the contract to AECOM, a business case will need to be prepared before a further report is brought to Cabinet to obtain approval to use the PSP2 contract. That business case will need to cover the value for money case.

The delays incurred in the process to date mean that any report to Cabinet will be submitted around a month after the PSP1 contract has ended on 31 March 2015.

Proposal

It is not considered appropriate to terminate all work with AECOM on 31 March. Some projects, like Ilkeston rail station and Pedal Peak II, are on tight timescales and so far advanced through the design process that no other consultant could reasonably complete the projects, therefore, it makes sound technical and financial sense to continue this work with AECOM. Other schemes, such as principal bridge inspections, could be done by others, but the delay in making the arrangements would cause workload difficulties later in the year to complete works to programme.

However, there are also many schemes and projects where work could be suspended until new arrangements with PSP2, or an alternative (see below), are in place.

The projects that it is considered must be continued without a break are set out in Appendix 1, together with those projects that would be suspended until consultancy services are procured. AECOM has offered the Council the opportunity to continue with current arrangements and current rates for April – any further delay will see rates increase by 15%.

It is therefore recommended that a one month, lump sum arrangement for April is made with AECOM under the terms and conditions of the PSP1 contract. This will allow for continuity of essential business.

In the meantime, work will continue with the assessment of the PSP2 contract with a view to bringing a recommendation to Cabinet at the earliest opportunity.

It is also recommended that alternative arrangements for consultancy services are pursued, making use of the framework contract 664 for consultancy services from Eastern Shires Purchasing Organisation (ESPO). The list of approved consultancies includes a number of well-respected organisations and it would make good sense to have approvals in place so that the Council could make use of these services, as well as PSP2. As PSP2 is not an exclusive contract, the use of consultants from the ESPO framework would not be in conflict with PSP2. It also has two distinct advantages:

- It would offer an option alongside PSP2 in the areas of specialist expertise and an opportunity to test value for money during the PSP2 contract.
- In the event of PSP2 not being recommended or the contract award being further delayed, consultants procured through mini-competition via ESPO could pick up the work that would have been sourced through PSP2.

It is therefore proposed that a business case is prepared and a report brought to Cabinet at the earliest opportunity to recommend the use of the ESPO 664 consultancy framework or other similar frameworks if any exist.

(3) **Financial Considerations** The anticipated cost of the consultancy work and staff secondments to be provided by AECOM for April 2015 is calculated at £128,000, including a 10% contingency of £12,800 giving a total of £140,800. All fees will be paid through capital grants, mostly via the LTP but also from one-off government and third party grants.

All fees will be accounted for using agreed hourly rates from PSP1 against approved numbers of hours worked.

(4) **Legal Considerations** The Financial Regulations states that where the value of the services in question is above £20,000 but under the OJEU threshold of £172,514, it is for Cabinet to decide whether to approve contract extensions beyond the originally awarded period or indicated spend. Based on the circumstances set out in this report and, in particular, the benefits of aligning the services through a future re-procurement, the Director of Legal Services considers that the proposed contract extensions are appropriate.

(5) **Human Resources Considerations** Staff resources will be required to manage and support the work of AECOM consultants.

Other Considerations

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.

(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 Environment Department. Officer contact details – Richard Dawson, extension 35490.

(9) **OFFICER'S RECOMMENDATION** That Cabinet approves that AECOM be retained during April 2015 to carry out consultancy services on the projects set out in Appendix 1, for the sum of no more than £128,000.

Mike Ashworth
Strategic Director – Economy, Transport and Environment

Appendix 1

Scheme/post	Reason	Estimated cost (£)
Ilkeston Station	Completing design work to meet construction programme	25,000
Seymour Link Road	Project management, including assisting in selection of contractor, to meet funding and construction programmes	5,000
A61 Corridor	Data work to assist with bidding processes	5,000
Work at Markham Vale	Ongoing ecology, health and safety and design work	10,000
Accelerated Highway Maintenance	Survey work and data analysis to meet programme	10,000
Whittington Moor	Preliminary design work on options for funding strategy	10,000
Waste Facility at Glossop	Completion of design work in readiness for tendering the scheme	8,000
White Peak Loop	Completion of design and tender documents to meet programme	20,000
Stockley Pond	Design work to allow repairs to take place	10,000
Design /site Engineer	Ongoing work on site, to meet programme and funding	8,000
Traffic Engineer	Ongoing work to meet programme	6,000
Transportation Engineer	Ongoing review to meet programme	3,000
Laboratory Manager	To cover post until permanent replacement appointed	8,000
Contingency	For urgent work that cannot be dealt with in-house, not included above	12,800
	Estimated total cost	128,000