

| | |
|-----------------------------|---|
| TITLE | Intelligent Traffic Systems Maintenance - Business Case Approval |
| FOR CONSIDERATION BY | The Executive on 29 March 2018 |
| WARD | None Specific; |
| DIRECTOR | Interim Director of Environment - Josie Wragg |
| LEAD MEMBER | Executive Member Highways and Transport - Keith Baker |

OUTCOME / BENEFITS TO THE COMMUNITY

Maintenance of the Council's on street monitoring control and information technology, including traffic signals for both junction control and pedestrian crossings.

RECOMMENDATION

That the Executive approves the attached Business Case, for the pan-Berkshire procurement of a new Intelligent Traffic Systems (ITS) Maintenance contract.

SUMMARY OF REPORT

It is proposed that this statutory service is jointly procured in partnership with the other six Unitary Authorities in Berkshire.

Background

Intelligent Traffic Systems (ITS) Maintenance is a statutory service to maintain the efficacy of our traffic signals assets, including on-street monitoring, control and information technology. Work has been ongoing with the other Berkshire Authorities to look at the best options for procuring this service.

In looking at the best method for procurement, three options were considered:

- 1) Do Nothing: The proper maintenance of ITS equipment is a statutory requirement of WBC.
- 2) Run an independent WBC tender: This would be a compliant approach but it would be likely to attract higher service rates, due to the loss of the economies of scale offered by the joint approach, and increase WBC's direct costs, in Officer time.
- 3) Joint tender with other Berkshire Authorities: This would be a compliant approach and is expected to deliver the most cost effective solution due to economies of scale driving pricing benefits and a sharing of resources reducing the burden on Officer time. There is potential for further, intangible, benefits due to the harmonisation of standards across Borough boundaries within Berkshire.

The third option was considered the best option in terms of resource and harmonisation cross boundary.

Following soft market testing, the technical teams from all six Authorities have jointly developed a new specification. The new contract has been fully updated, with modern maintenance methods, more stringent financial performance incentives, future proofing through specific options to include new/other ITS assets and places responsibility for the "whole of life" of any fault with the contractor, which should improve response times in more complex tasks.

The contract is flexibly structured with a set of core requirements and a series of modules that may be added by each individual Council, so that it remains fit for purpose throughout its term.

The current ITS Maintenance contract has been extended to fit in with the benefits available through cross Berkshire procurement but must now be re-procured. It is proposed to let a new contract jointly with the other Berkshire Unitary Authorities. The new contract will have an industry standard NEC3 core.

The maximum possible contract term (before a retender) is 10-years, which under PCR2015 regulations means the total ascertainable value of the WBC portion of the new contract is approximately £1.2M.

Analysis of Issues

Whilst Reading Borough Council is the lead Authority and signatory, all Authorities are jointly responsible for the overall governance of the contract and each has control over the services in its own administrative area through a direct relationship with the supplier.

The joint procurement will:

- save costs – RBC will lead at no cost to the other Authorities
- increase competition – the joint offer is more attractive to the market
- reduce prices, due to economies of scale and increased competition

- ensure a harmonised approach – so that traffic controls will be more consistent across Borough boundaries
- allow flexibility for future developments in traffic management

The new contract has an initial term of 5 years, with an automatic annual renewal based on successful performance against key performance indicators for a further 5 years (a 5+1+1+1+1+1 contract). Performance measured in Year 4, will determine the renewal in year 6; year 5 determines renewal in year 7, etc.

The contract now needs to be re-tendered and the joint procurement with the other Berkshire Authorities is likely to deliver the most economically advantageous tenders. The technical teams have been focused on creating a specification that provides a broad, integrated service with the necessary flexibility to meet future needs in an area of technology that is developing rapidly.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------------|---|---------------------|
| Current Financial Year (Year 1) | Cost Neutral No additional costs | Yes | Revenue |
| Next Financial Year (Year 2) | Cost Neutral No additional costs | | |
| Following Financial Year (Year 3) | Cost Neutral No additional costs | | |

Other financial information relevant to the Recommendation/Decision

The new contract is expected to be cost comparable to the current contract, despite its wider remit. Reading BC Legal team will conduct the necessary legal review with costs split evenly across the six Boroughs (expected cost is a maximum of £3,000).

Cross-Council Implications

This decision is not directly linked to any other service, though this service underpins elements of the Council Transport Vision.

List of Background Papers

Procurement Business Case

| | |
|-------------------------------------|---|
| Contact Richard Turner | Service Place |
| Telephone Tel: 0118 974 6849 | Email richard.turner2@wokingham.gov.uk |

This page is intentionally left blank