

Director of Highways, Transport and Planning	Ref No: OKD28 (20/21)
August 2020	Key Decision: Yes
Traffic Signals Maintenance Contract Extension	Part I
Report by Asset Manager, Traffic Signals and Street Lighting	Electoral Division(s): All
<p>Summary</p> <p>To enable the continued delivery of the County Council’s Traffic Signals Maintenance and the implementation of any new traffic signals schemes, there is a requirement to extend or replace the existing Traffic Signals Maintenance Contract. This is due to end on 30 September 2021 and must be reviewed by 1 October 2020.</p> <p>Consideration has been given to the current contract cost and the supplier’s performance against the required service levels, including the contractual Key Performance Indicators (KPI’s). This has been compared with other viable options and captured in Appendix A.</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The proposal supports the prosperous place priority in the West Sussex Plan. A well-maintained highway network helps to support local businesses and communities.</p> <p>The proposal also supports the Strong, Safe and Sustainable priority by reducing the carbon associated with the service and contributing to the council’s net carbon zero target and by reducing congestion and helping to reduce local air pollution.</p>	
<p>Financial Impact</p> <p>Traffic Signals Maintenance is funded as part of the £9.768m Highways Revenue Works budget and part of the £17.034m Highways and Transport Delivery Programme in capital, as approved by Full Council in February 2020. Estimated spend per annum in future years is £0.380m to £0.400m for revenue, and up to £1m in capital subject to service requirements. The contract extension will ensure that the current service levels are maintained within projected budgets.</p> <p>A five year contract extension will allow collaborative working between the supplier, talent, and the County Council, enabling further developments and cost savings to be considered and where appropriate implemented. This will assist with the increasing revenue pressure caused by the impact of the traffic signals assets increasing due to new sites being installed by both WSCC and developers.</p>	

Recommendations

That the Director of Highways, Transport and Planning awards the five year extension to the Traffic Signals Maintenance Contract to telent from 1 October 2021 to expire 1 October 2026.

Proposal

1. Background and Context

- 1.1. West Sussex County Council (WSCC) currently has a Traffic Signals Maintenance Contract which enables the delivery of services required to maintain and enhance the operation of our Traffic Signals, Vehicle Activated Signs and other electrical equipment. These activities include:
 - a) Routine inspections and electrical testing.
 - b) First line maintenance response to any faults or damage.
 - c) To provide the mechanism to facilitate the implementation of chargeable works. These include:
 - Supply and install replacements for damaged or life expired equipment.
 - Slot cutting for vehicle detection.
 - Design, supply and install new traffic signals or Vehicle Activated Signs site.
 - Rectification of problems arising from aging traffic signals in West Sussex, including replacement of obsolete equipment and the design, supply and install of full site refurbishments.
 - d) To provide a fault logging and inventory control system.
 - e) Provide safe working practices and traffic management.
- 1.2. Within the contract is an option to allow the supplier to provide the civil engineering works and traffic management associated with the refurbishment of existing sites.
- 1.3. The current contract commenced 1st October 2016 and was for a minimum five year period with a possibility of an additional five years dependent on the supplier meeting the KPI's.
- 1.4. The [Key Decision](#) to award the contract in 2016 delegated the decision to approve and appoint the supplier to the Executive Director Residents' Services. This position no longer exists and the Director of Highways, Transport and Planning has delegated authority to make this decision.
- 1.5. To enable WSCC to continue to maintain the current Traffic Signals and Vehicle Activated Signs inventory there is a need to implement the extension period or replace the existing contract with a mechanism to facilitate the current activities.
- 1.6. There are a number of replacement options which can be considered and these have been identified in section 7 of this report and detailed in Appendix A. This option assessment concluded that the current contract is delivering the performance at a cost that is considered to achieve best value for money

based on the future costs saving opportunities and equipment cost comparisons identified in sections 2.7 and 2.8

2. Proposal Details

- 2.1 In accordance with the Traffic Signals Maintenance Contract it is proposed that a 5 year extension to the contract is agreed and awarded to the current supplier, telent.
- 2.2 Since the commencement of the contract WSCC has closely monitored the 16 KPI's to ensure that the service continuation target of 92% has been achieved and the service delivered to a high standard. Throughout the contract telent has exceeded the required 92% and is currently achieving a 99.53% average for the period April 2019 to March 2020.
- 2.3 During the Covid-19 unprecedented situation, telent has continued to support WSCC by delivering the service to the same high standard. They have developed new working method statements to incorporate social distancing guidelines, delivered projects on time and continued to develop the asset management database.
- 2.4 Working in collaboration with telent, WSCC has introduced new technology to ensure that the latest developments have been considered and implemented where improvements in service could be achieved. These have included: -
 - a) Expansion and enhancement of the telent Remote Monitoring System on 248 sites within West Sussex, which allows WSCC to check on the status of sites and receive faults as soon as they happen, preventing the requirement for the fault to be reported by members of the public.
 - b) Development and introduction of a real time CCTV as part of the Remote Monitoring development. This allows the Authority to monitor the traffic flows and to assess how the site is reacting to any abnormal traffic conditions.
 - c) Introduction of the latest traffic signals control software which gives additional features so that WSCC can have a greater influence on the control of the traffic.
 - d) Developing innovative use of above ground detection has enabled WSCC to reduce the costly civil engineering and reduce future maintenance costs.
- 2.5 To enable further collaborative developments and improvements, the award of the five year extension in one block would be required as a shorter extension would limit options.
- 2.6 Negotiations have taken place with telent over potential future opportunities which are identified below. These improvements are permitted within the Contract, Schedule 4 Continuous Improvements point 2.2, however if they are not agreed and implemented it will not affect the current performance.

- a) Continued improvement of the asset data on the asset management database (Imtrac) to establish a more granular database this will enable WSCC to analyse the condition status, obsolete equipment and costs in greater detail.
 - b) telent have agreed to waive the first year's fee for any new WSCC funded sites.
 - c) Continued development of software and equipment to enable traffic signals to react to different vehicles i.e. buses, HGVs, which could lead to reduced traffic congestion and improved air quality.
 - d) Contract changes to reduce revenue commitment and carbon emissions including:
 - Response times based on fault classification– Critical, Urgent and Non-Urgent allowing faults to be grouped and travel reduced.
 - Reduce Contract hours to reduce standby requirements
 - Critical faults only on Weekends / Out of Hours, reducing travel
 - Additional reduction in the annual maintenance rate when sites are upgraded to LEDs
 - Explore the cost benefits associated with linking other equipment to the Remote Monitoring System i.e. Pollution Monitoring
- 2.7 The items identified in point 2.4 and 2.6 will enable WSCC to offset the additional revenue cost which would otherwise be imposed by the contractual annual increase. This is currently averaging at 3% which equates to £11k per annum.
- 2.8 WSCC has considered how benchmarking of contract costs could be conducted, however as each authority has their own specific contract requirements and equipment specification, a direct comparison of the activities is not feasible.
- 2.9 WSCC has obtained equipment costs direct from suppliers for the main components used during a traffic signal scheme. These showed a 56% increase when compared to the costs contained in the contract schedule of rates. Assuming a reduction for preferential rates due to quantity, and offsetting profit margins, the analysis still showed a potential increase of 15%. This confirmed that the increase in technology has increased the costs of equipment above the contract inflation index. If WSCC decided to re-tender there is a high probability that the costs will increase to cover these changes.

Factors taken into account

3. Consultation

- 3.1. The Director of Finance and Support Services and the Director of Law and Assurance have been consulted.
- 3.2. The County Council's internal Procurement Board has considered the options and supported this procurement and contract award process, which will be undertaken in accordance with the County Council's Standing Orders on Contracts.

4. Financial (revenue and capital) and Resource Implications

- 4.1 Implementing the five year extension will enable collaborative working to continue to develop the contract and implement new technology. These will assist with reducing the increasing pressure on the revenue budget.
- 4.2 Additional improvements will not directly impact the revenue cost for traffic signals but will reduce cost for maintaining other highway infrastructure such as resurfacing. This is due to the removal of detection in the road surface which will be replaced by above ground detection. This would reduce the cost of resurfacing through a pedestrian crossing by £3,000 to £5,000.
- 4.3 The 2016 OJEU contract notice specified an estimated contract value of between £11 and £16 million. Analysis of current spend and predicted spend has confirmed that the estimated total spend with a five year extension will not exceed the £16 million. The estimated annual cost of traffic signals works is in the range of up to £1.2m to £1.4m.
- 4.4 The Highways Revenue Works Budget for 2020/21 approved by Full Council in February 2020 is £9.768m. The estimated revenue traffic signals maintenance expenditure is £0.380m per annum, rising to £0.400m in 2023/24 due to the quantity of new signals being installed. The revenue works budget is sufficient to cover the anticipated revenue contract maintenance costs going forward.

	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m
Total Revenue Works Budget	9.768	9.268	9.268	28.304
Change From Proposal	0.000	0.000	0.000	0.000
Remaining Budget	9.768	9.268	9.268	28.304

- 4.5 The annual Highways and Transport Delivery Programme in the Capital Programme 2020/21 to 2024/25 approved by Full Council in February 2020 totals £77.142m. The HTDP includes a capital allocation for Traffic Signals of £1.559m in 2020/21. Estimated costs in future years are in the range of up to £0.850m to £1m and would be met from the HTDP budget.

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Current Budget	17.034	15.777	14.777	14.777	14.777	77.142
Change from Proposal	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Budget	17.034	15.777	14.777	14.777	14.777	77.142

5. Legal Implications

- 5.1 The five year extension is permitted by the terms and conditions of the current contract and the total value of the contract will not exceed the amount in the 2016 OJEU notice (See point 4.3).
- 5.2 Any contract amendments required as a result of the five year extension will need to be allowed under the terms and conditions of contract to allow the operation of the five year extension to be effective. Substantive changes which would place the contract at risk of being in breach of the Public Contract Regulations 2015 should be avoided. Any proposed substantive changes should be reviewed by Legal Services to ensure compliance with Public Contract Regulations 2015.

6. Risk Implications and Mitigations

Risk	Mitigating Action (in place or planned)
The failure to secure best value by not pursuing a competitive procurement process.	The risk is addressed in 7.1 b) below.
The failure to secure best value through market testing if the contract is extended for the full five years.	The risk is addressed in 7.1 d) and e) below.
Failure to adapt and improve in light of changes to technology	contract to allow collaborative working to develop and implement new technology cost saving to limit the increasing revenue pressures

7. Other Options Considered (and reasons for not proposing)

- 7.1 A number of commissioning options have been considered and evaluated to determine the recommended approach to extend the Traffic Signals Maintenance Contract by five years. The options considered:
- a) Do Nothing
In reality this option exists only as a basis for comparison. This would result in no contract from 1 October 2021, leaving the infrastructure to deteriorate further as a result of reduced maintenance. WSCC would also be in breach of the electrical highways safety requirements; BS7671 and statutory obligations to keep the highway safe.
 - b) Re-Procure contract
The current service levels and performance standards clearly show that the current contract is operating successfully. Combined with the schedule of rates cost comparison and the current difficult operating conditions imposed by Covid-19 it is recommended that this is not pursued at this time.
 - c) Re-Procure with neighbouring authority
Consideration has been given to alignment of contract commencement dates with neighbouring authorities and the possibility of combining new

contract procurement. This was previously investigated and the differential in specification was sufficiently diverse that a common solution would have a detrimental effect on at least one of the authorities. The table below shows the current status and with the exception of East Sussex the supplier and system usage is unchanged since 2016.

Authority	Term (Yrs)	Termination Date	Supplier	Equipment & System supplier
Brighton and Hove	7+3	Oct 2025 to 28	Siemens	Siemens
East Sussex	7	Apr 2023	Jacobs who use telent	Siemens
Hampshire	5+1+1+1	2021 to 24	Siemens	Siemens
Kent	5+5	Apr 2026	telent	telent
Portsmouth	25 PFI	Jul 2029	Colas	Siemens
Southampton	10+5	Oct 2027	Balfour Beatty who use telent	Mixed
Surrey	3+2	July 2022 to 24	Siemens	Siemens

WSCC is already aware that telent's current cost model includes the that operating and administration costs can be shared over their southern contracts, so combining the contracts will have no effect on their delivery model.

- d) Extend contract by 1 year at a time
This would limit the opportunities to develop long term system improvement, including enhanced asset management plans.
- e) Extend contract by five years
This would enable WSCC to continue with known service delivery quality and costs, whilst giving the supplier an incentive to develop systems and continue to work in collaboration with WSCC to improve the delivery model and associated cost.

7.2 The above options have been carefully considered and based on the following summary option e) was selected.

- a) Is not a viable option.
- b) Is feasible although when considering the current suppliers performance against the required service levels, KPI's and the schedule of rates cost comparison this is not the recommended.
- c) It was concluded that due to variant in equipment, specification, termination dates and the knowledge that shared costs reductions are already implemented this would not be a feasible option.
- d) & e) are both feasible however option d) gives the supplier and WSCC to work collaboratively to continue to improve the delivery model and reduce ongoing costs.

8. Equality and Human Rights Assessment

- 8.1 The protected characteristics have been duly considered and assessed in the course of the consideration of this proposal. There will be no alterations to the existing traffic signals maintenance service levels, which results in no relevant or disproportionate impact upon any of the protected characteristics in the Equality Act 2010 has been identified in the consideration of the proposals detailed in this report.
- 8.2 There are no identifiable Human Rights implications as this is a direct extension of the current service.

9. Social Value and Sustainability Assessment

- 9.1 There is a requirement for WSCC to continue to maintain the highway assets, ensuring they are safe and working to specification. Extending the Traffic Signals Maintenance Contract will enable the current service delivery to continue ensuring the traffic signals are operating correctly. If the extension is not approved there will be a requirement to replace the contract to prevent the traffic signals from deteriorating and developing faults, which will compromise vehicle, pedestrian and cyclist movements. This would affect local businesses and communities as travel times will increase, which will then impact on the local environment (reduction in air quality) and economy.
- 9.2 Extension of the contract will enable the continuation of collaborative working, developing new technologies which will both:
1. Reduce congestion; assisting in delivering local air quality improvements; have a positive effect on travel times and encourage local business growth
 2. Further reduce carbon emissions; aligning with the objectives of the Council's Climate Change Strategy and helping the council to meet its target to be net carbon zero by 2030.
- 9.3 As part of the negotiated contract changes set out in 2.6 telent will be required to capture the carbon savings made as a result of their actions, both in how they deliver the service (mileage), but also the core service itself (energy used).

10. Crime and Disorder Reduction Assessment

There are no identifiable Crime and Disorder Act implications as this is a direct extension of the current service.

Lee Harris
Executive Director Place Services

Matt Davey
Director of Highways, Transport and Planning

Contact Officer: Barry Edmunds (Asset Manager – Traffic Signals and Street Lighting), 0330 222 5692
barry.edmunds@westsussex.gov.uk

Appendices

Appendix A – Options Matrix

Background papers

None