

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Executive Lead Member for Universal Services
Date:	23 January 2023
Title:	Procurement of the contract for the installation and maintenance of traffic signals and associated equipment 2024 – 2029
Report From:	Director of Universal Services

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1. The decision:

- 1.1. That the Executive Lead Member for Universal Services gives authority to procure, spend and enter into contractual arrangements for the installation and maintenance of traffic signals and associated equipment for a four-year nine month term, with an estimated value of up to £14million, in consultation with the Assistant Director of Legal Services.
- 1.2. That the Director of Universal Services be given delegated authority to agree minor variations to the contract, in consultation with the Assistant Director of Legal Services.

2. Reason for the decision:

- 2.1. The current contract for the installation and maintenance of traffic signals and associated equipment was awarded to Siemens Mobility – Traffic Solutions (now Yunex Limited) in July 2016 following competitive tender. The contract was for an initial period of five years to July 2021, with provision to extend the contract annually up to a maximum of three years to July 2024. Each extension was awarded as there were no performance issues and it was considered that the costs of the contract were less than would be achieved in an open tender such that extending the contract represented good value for money. The contract cannot be extended beyond July 2024, and a decision is needed now to re-tender the service.

3. Other options considered and rejected:

- 3.1. It would be technically feasible to transfer the service activities to the Hampshire Highways Service Contract (HHSC). This option is rejected as the efficiencies derived from closer alignment of related construction activities are outweighed by the costs of integrating the other service activities at this time. It is considered that the specialist scope of the ITS contract would result in the service being subcontracted at this time, resulting in an additional management

fee with no offsetting cost or efficiency saving. The duration of the new contract for the installation and maintenance of traffic signals and associated equipment will be set to coincide with the re-tender of the HHSC in 2029 to explore the opportunity to seek contract efficiencies.

- 3.2. It would be possible to retender the contract over a different duration for a longer or shorter contract. This option was rejected, as the current proposed timescales preserve the option to achieve contract efficiencies as part of the HHSC re-tender, as alluded above.
- 3.3. The current contract is predominantly an attend and repair 'pay-as-you-go' system where the client determines the work required and priority of an activity and raises separate tasks orders, reimbursing the contractor for time and materials. Alternative contract models exist for delivering the services including a lump sum for more or all service activities. Lump sum contracts specify the service required and transfer more risk to the contractor but may result in higher and avoidable costs to the client. More recently new availability types of contracts have emerged where the contractor has more freedom to plan activity. The cost of risk is likely to be lower than lump sum arrangements as the contractor has the ability to manage operations to limit exposure provided the availability criteria are met but would not necessarily generate savings and would require additional staff, increasing revenue costs. Investment in IT, needed for contract monitoring and billing, would also be large, with no guaranteed revenue savings. It is recommended that the existing 'pay-as-you-go' system be retained as this offers more control over costs, increasing deliverability of savings now and in the future.

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker:
- 4.2. Conflicts of interest declared by other Executive Members consulted:

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

23 January 2023

**Executive Lead Member for Universal Services
Councillor Nick Adams-King**