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| Committee(s): | Date(s): |
| Streets and Walkways Committee For Information | 25 February 2020 |
| Subject: JB Riney's Highways Term Maintenance Contract | Public |
| Report of: Director of the Built Environment | For Information |

Summary

The City's highways term maintenance contractor is JB Riney, who deliver highway maintenance, resurfacing, drainage, street lighting, public realm enhancements, road marking and highway changes for the Department of the Built Environment, as well as similar services for other departments.

In June 2019, Riney completed year seven of a ten-year contract (five years + five year extension). During that time, Riney have maintained a very high level of performance, both in terms of their contract delivery (as measured through their KPIs), their quality of work and their cost control.

Riney have fully adopted the partnership approach envisaged by the contract, continually adjusting programmes, designs and resources to meet the City's needs without making any formal compensation claims. Projects are typically delivered to a very high standard, on time & budget, and with the minimum of fuss and disruption to the public.

Although there are alternatives to using a term contract for these services, including the London Highway Alliance Contract (LOHAC), none of these options deliver Best Value in terms of cost, quality of service, performance, flexibility, safety, innovation, early contractor involvement and continuity. The combination of all these factors can be demonstrated by the annual Contract Board report contained in the appendix to this report.

Recommendation

Members are recommended to receive this report.

Main Report

Background

1. The City Corporation is the Highway Authority for all the public highway and City walkway areas in the Square Mile, except those streets that fall within the Transport for London Road Network.
2. As such, the Department of the Built Environment (DBE) is responsible for maintaining those streets, footpaths and walkways, including inspecting them for defects, undertaking repairs and resurfacing, maintaining signs, road markings, bollards, street nameplates and drainage, and looking after all the powered & illuminated street furniture in the City, from road signs to street lights.
3. In addition, DBE are responsible for the highway construction aspect involved in making alterations to streets to satisfy road safety or transportation requirements, as well as delivering projects to enhance the public realm and undertaking reparations and highway changes around new building developments.
4. DBE delivers all these functions using a term contract, with the current incumbents being JB Riney. They were awarded the contract in early 2012 following a standard EU procurement process, and over the seven years of the contract so far, Riney have on average delivered around £10m worth of work each year.
5. This value primarily depends on the volume of internally and externally funded work needed from DBE, as well as a much smaller amount of work of a similar nature delivered on behalf of Open Spaces and the City Surveyors. In fact, in the last contract year to July 2019, a record £16.78m was spent through the contract, including public realm works for Crossrail and the City's Street Lighting LED rollout.

Current Position

Riney's Performance

6. During that time, Riney have maintained a very high level of performance, both in terms of their contract delivery (as measured through their KPIs) and their quality of work. Projects are delivered to a very high standard, on time & budget, and with the minimum of fuss and disruption to the public.
7. In addition, Riney have fully adopted the partnership approach envisaged by the contract, continually adjusting programmes, designs and resources to meet the City's needs. Excellent examples of this flexibility can be found in their delivery of the landmark Aldgate, Bank and Beech Street schemes, as well the public realm works around the Crossrail stations, where there have been numerous programme, design and construction changes during the life of that project. In each of these instances, Riney have had to alter their plans at very

short notice, move gangs on, off and around the site to meet the needs of TfL, the utilities and numerous local stakeholders, all to enable the various projects to stay on track.

8. It is not an exaggeration to say that without Riney's flexibility and support from as early as 12 months before the start of construction, the highways elements of the many strategic projects would not have been completed on time and within budget. Crucially, all this has been done so far without a single contract claim.
9. Riney's excellent performance can be seen in several ways, including:
 - a. Their success in delivering schemes on time and to budget gives the City the confidence to require all developers to use the City's term contract to deliver the public realm changes or highway reinstatements around their buildings;
 - b. The City has a high success rate in defending accident claims for trips and falls due to Riney's robust inspection regime and record keeping, and the number of claims itself is recognised to be extremely low;
 - c. Riney's commitment and professionalism has meant they have failed very few monthly Key Performance Indicators in their seven years;
 - d. Riney's formal Health & Safety procedures have recently passed formal Audit inspection, and they have seamlessly adapted to the new requirements for the Construction, Design and Management (CDM) Regulations;
 - e. Riney have an extremely low accident rate despite the inherent difficulties of working with so many utilities just below the surface of the City's streets;
 - f. The City Procurement team have acknowledged that Riney's delivery under the term contract should be the benchmark for City Corporation contractors in terms of sustainability and responsible sourcing of materials;
 - g. Riney's have consistently managed to come within 2% of their annual budget allocation for repairs & maintenance, which is a major challenge due to the irregularity of reactive repairs and outside factors such as utility excavations, inclement weather, significant HGV movements for developments and reduced resurfacing funds.

Commitment & Partnership

10. From the start of the contract, Riney have delivered their contractual requirements with a significant level of commitment to meeting the City's exacting standards and partnership approach. That commitment began with owner Brendan Riney (sadly now passed away) through more recent Contract

Directors, Contract Managers and Works Supervisors, down to the gangs themselves.

11. The direction and culture of the contract delivery has been aligned to meet the City's requirements, with Riney even replacing their first Contract Manager early on because they recognised the City's needs were even more exacting than they had anticipated. Riney have delivered on their contractual commitment to maintain an embedded resource at Guildhall dedicated to working with the City to improve and maintain communications with those affected by works.
12. Riney's approach has been one of flexibility without sacrificing quality and their early contractual involvement on schemes has had numerous design, safety and cost benefits. Some examples of this joined up approach with the City (at no additional cost) have included:
 - a. The use of mobile tablets to capture highway defects and facilitate an improved works ordering process;
 - b. The development of a new approach to asset management, including the valuation of identified highway defects and the tracking of repairs;
 - c. Long term forward profiling of contract spends and gang deployment;
 - d. The training of several site apprentices, as well as personal development opportunities for junior management;
 - e. Value engineering on proposed schemes through early contractor involvement;
 - f. The development & trialling of new vehicles with high visibility cabs to reduce road danger;
 - g. Improved energy efficient on-site equipment.

Financial comparison

13. Riney's contract rates were obviously assessed as part of the tender exercise in 2012 and deemed to be highly competitive at that point. However, in 2013, and again at the end of 2015, Riney's rates were also benchmarked against those of the London Highway Alliance Contract (LoHAC) - the TfL framework contract that the City could also use for highway maintenance, delivered in the Central London by the consortium CVU. On both occasions, Riney's rates were cheaper.
14. Equally, in terms of the delivery of work to construct numerous highway schemes over the last four years, through early contractor involvement as well as careful planning, estimation and budget management, Riney have consistently delivered their elements of these schemes within the budgets set for those individual projects.

The Annual Contract Board

15. The annual Contract Board took place in October 2019 between senior officers from JB Riney and the City of London to review activities in the last year and to

discuss new initiatives moving forward. The Contract Board report was well received, highlighting a series of successful projects & outcomes as part of the highest year of spend so far.

16. Some of these great successes include the implementation of the award-winning street lighting upgrade, Goldman Sachs' public realm project, the City's security programme, Bank on Safety, the gibibit wi-fi programme, tackling a 'fatberg' under Foster Lane and the Bartholomew Close regeneration project, to name a few. Further details of these and other projects can be found in Appendix 1.

Contract Challenges

17. As well as the successes and opportunities that have been implemented through the contract, there remain a number of challenges to be faced between the City and Riney over the final two and a half years of the contract.
 - a. The transition with Tarmac becoming the parent company to Riney has been relatively smooth and has allowed Riney to improve their processes and technology. However, there remains a risk that the 'family business' ethos of Riney may be lost in the wider Tarmac group, which could result in claims in the future as processes become more 'contractual' rather than 'partnership' working.
 - b. From experience, contracts often become harder to manage as they reach the end of their natural term. Contractors can often lose focus whilst we turn our attention towards the new contract and its specification, with transitional arrangements for long-term projects and TUPE rules for staff to be discussed.
 - c. As we move towards the final two years of the contract, we are now experiencing increases in cost indices, and the affordability of our high standards of maintenance will need to be reviewed. In particular, after a period when the material indices lagged behind the contract indexation uplift, those material indices are now accelerating, meaning that budget pressures to deliver a 'steady state' highway are becoming more acute.

Corporate & Strategic Implications

The Principle of a Term Contract

18. In this wider context, it is worth noting why a term contract is preferred in the first place. In terms of the delivery of these services through Riney, the justification for using a term contract includes:
 - a. It allows the provision of flexible, joined-up services, having one contractor to build, inspect and maintain all aspects of the highway;
 - b. It allows resources to be swapped seamlessly between highway maintenance and major schemes, minimising the risk of claims for downtime whilst ensuring maximum flexibility of resource
 - c. It delivers economies of scale in terms of management resource, material procurement and manpower;

- d. It facilitates a corporate resource available to other departments to deliver work of a similar nature;
 - e. It removes the delay and cost to individual projects of tendering these services each time, creating a 'fast track' to facilitate early contractor involvement, both in terms of time and expertise;
 - f. It minimises the impact of these works on the public by ensuring that gangs, supervisors and managers all understand the requirements necessary to work in the Square Mile.
19. In addition to the above, the next generation of LOHAC contract is being drafted by Transport for London, but for the moment we intend to remain with our term contract and its approach for the reasons stated within this report. However, access to LOHAC could still be useful for benchmarking opportunities and contingency planning purposes.

Conclusion

20. In order to maintain the City's requisite high quality of service, the term contract remains the most appropriate way for the City to deliver such workstreams in partnership with a contractor such as Riney.

Appendices

- Appendix 1 – Contract Board Paper

Background Papers: Annual Contract Board Report 2018/19

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