

Committee(s)	Dated:
Streets and Walkways Sub Committee	18 February 2021
Subject: The Highways Construction Term Contract – Annual Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1, 9, 10, 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Director of Built Environment	For Information
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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 2020, Riney completed year eight 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(s)

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 & drainage. It also looks after powered & illuminated street furniture, such as road signs, fountains & street lights, as well as all new highway construction activities, ranging from road safety & transportation schemes to public realm & security projects, including highway repairs & enhancements related to building developments.
3. 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 eight years of the contract so far, Riney have often delivered over £10m of work each year, the vast majority relating to major schemes & developments rather than standard highway maintenance operations, plus a smaller amount for Open Spaces and the City Surveyors.
4. Despite the impact of COVID-19 which resulted in a shutdown of non-essential work during the last part of the contractual year (which ran to June 2020), the value of work delivered through the term contract still amounted to £9.9m for the year.

Current Position

Riney's Performance

5. During the last 12 months, Riney continued to maintain a very high level of performance, both in terms of their contract delivery (as measured through their KPIs) and their quality of work. Projects were delivered to a very high standard, on time & budget and with the minimum of fuss and disruption to the public.
6. Riney fully adopted the partnership approach envisaged by the contract, adjusting programmes, designs and resources to meet the City's needs. Excellent examples of this flexibility can be found in their delivery of landmark schemes for Crossrail, Bank on Safety and Beech Street, with Riney adjusting their plans at very short notice, moving resources on, off & around their sites to accommodate the requirements of City officers, Transport for London, utilities and numerous local stakeholders to enable the various projects to stay on track.
7. It is not an exaggeration to say that without Riney's flexibility and support in terms of early contractor involvement well before they start on site, the highways elements of these crucially important projects would not be completed

on time and contained within budget. Crucially, has been done so far without a single contract claim.

8. Riney's excellent performance can be seen in several ways, including:
 - a. Their success in delivering schemes on time and to budget, giving 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 respective buildings;
 - b. Riney's formal Health & Safety procedures have been amended to allow for works to progress in a safe and sufficient manner during COVID-19, allowing essential works to recommence in the City as soon as it was safe to do so;
 - c. 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;
 - d. Riney's commitment and professionalism has meant they have failed very few monthly Key Performance Indicators in their eight years;
 - 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 the 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

9. From the start of the contract, Riney have demonstrated a significant commitment to meeting the City's exacting standards and partnership approach. That commitment began with owner Brendan Riney (sadly now passed away) and now through the efforts of their Directors, managers and supervisors down to the gangs themselves, some of whom have worked in the City for over 20 years.
10. The direction and culture of the contract remains aligned to the City's requirements, with Riney embedding a resource at Guildhall dedicated to working with the City to improve and maintain communications with those affected by their works.

11. Riney's approach has been one of flexibility without sacrificing quality and their early contractual involvement on schemes has had numerous designs 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 to 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.

Contract Board Report

12. The annual Contract Board between the City and Riney took place in December 2020, reviewing performance from the last year, discussing new initiatives moving forward and the City's medium-term financial position as it relates to highway budgets.
13. The Contract Board report summarising the position was well received and highlighted a series of successful projects & outcomes. These included the implementation of the award-winning street lighting upgrade, completing the Bank on Safety scheme at Bank Junction, the City's security programme, the gigabit wi-fi programme, tackling a series of major drainage issues and the Bart's regeneration project to name a few. Further details of these and other projects can be found in the full report, replicated at Appendix 1.

Contract Challenges

14. Beyond the successes and opportunities that have been realised throughout the life of the contract, there remain several challenges to be faced between the City and Riney over the final 18 months of the contract. These include:
 - a. Ensuring Riney maintain their focus as they start to reach the end of their contract term. Contractors can often lose focus as attention turns towards the new contract tender & its specification, and plans for transitional arrangements for long-term projects and TUPE rules for staff will need to be discussed.
 - b. Adapting the service to account for a reduced budget envelope. Amending the highway maintenance function to fit within the new budgets will require a series of service changes, an amended specification, revised contract KPIs and different ways of working to

ensure both Riney & the City can maintain a high quality service, albeit now set against standards more in keeping with the rest of Central London.

- c. Monitoring increases in cost indices built into the contract. After a period when the material indices lagged the contract indexation uplift, those material indices are now accelerating, meaning that budget pressures to deliver a 'steady state' highway will be a challenge, resulting in the potential for a further depreciation of road and footway surfaces.
- d. Responding to COVID-19 in terms of mandatory maintenance works and the progression of key projects. This has required us to revisit numerous processes and risk assessments to ensure works can continue in a COVID-safe manner. Despite the current extent of the pandemic, infection levels within the workforce have remained low with Riney so far continuing to retain sufficient resources to ensure the resilience of their operation.
- e. Managing the impact of Brexit. Although significant amounts of Riney's materials are sourced from within the UK, some key aspects such as granite setts, kerbs and electrical parts are sourced from abroad, either from within the EU or from China. Riney pre-purchased a supply of setts which are now held within the UK for the City's use, but some delays are being felt for goods arriving through the ports, regardless of their origin. So far, the impact on programmes and cost has been minor but this continues to be a risk that both parties will monitor moving forward.

Corporate & Strategic Implications

The Principle of a Term Contract

- 15. 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.

16. In addition to the above, the next generation of the London Highways Alliance Contract (LoHAC) is being mobilised by Transport for London which the City can use alongside London's boroughs, 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

17. The term contract partnership approach with JB Riney has a proven track record in delivering high quality outcomes for the City & its stakeholders, leaving us well placed to face the on-going challenges of COVID-19, budget reductions and Brexit.

Appendices

- Appendix 1 – Annual Contract Board Report 2019/20

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