

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
9th NOVEMBER 2006

TARMAC LTD. NATIONAL CONTRACTING
ANNUAL REVIEW OF SERVICE 2005-06

Purpose of Report

1. To present to Members the Annual Review of the performance of services provided under contract by Tarmac Ltd. National Contracting.

Background

2. The Corporate Procurement Strategy requires all contracts with an annual value in excess of £1 million to be reviewed annually by the relevant Overview and Scrutiny Management Committee.
3. In 1999, following a competitive tender process, the Highways Consultancy and Works contracts were awarded to Parkman Consulting Engineers and Ringway Highway Services respectively. The two companies signed an overarching agreement to form Ringway Parkman to provide the highway services to the County Council. These contracts terminated on 31st May 2006.
4. Following the award of the Ringway Parkman contracts there was a substantial increase in highway maintenance expenditure, funded through the Local Transport Plan, which resulted in a large increase in carriageway surfacing work being procured. In order to ensure value for money a separate tender was invited for this surfacing work and the successful tenderer was RMC Ltd. The contract with RMC ended in 2005 and tenders were invited for surfacing work to be carried out during the period 1st June 2005 to 31st May 2006. On 27th May 2005 Cabinet resolved to award the contract to Tarmac Ltd. National Contracting.

Main Considerations for the Council

Scope

5. The Tarmac Ltd. National Contracting contract started in June 2005 and was to provide specialist highway surfacing treatments and associated works for a period of one year. The total value of work carried out under the contract was £2,250,000 and comprised individual schemes ranging from nearly £300,000 in value to less than £5,000.
6. The major schemes carried out during the period which involved surfacing work by Tarmac Ltd. included:-

A3094 Netherhampton Road, Salisbury - Phase 1
B4040 Leigh - Phase 3
B3098 Edington to Erlestoke
The Ham, Westbury

These sites involved co-ordination of the surfacing works with Ringway Parkman who carried out the civil engineering aspects of the schemes, drainage and kerbing works.

Performance

7. The surfacing work produced by Tarmac was of a very high quality, and any remedial work required was carried out promptly. The programming of work and resources was effective and there was good co-ordination with work carried out by others, including Ringway Parkman.
8. The attitude to financial matters has been good, with prompt and accurate invoicing for work completed. Overall, the commitment to service delivery demonstrated by Tarmac has been of the highest standard. With contracts of short duration there is a risk that the contractor will give less priority to resourcing and managing the contract than would be the case with a longer term contract but this has not proved to be the case with Tarmac.
9. Performance and quality have been monitored and supervised by Ringway Parkman, with the involvement of the Council's officers. There have been regular progress meetings with the contractor to co-ordinate and plan the workload. The work carried out through this contract has contributed to the overall improvement in carriageway condition in the county and enabled a number of major schemes to be implemented.

Service Developments

10. The experience gained in operating this contract, and from the management of the individual schemes, contributed to the development of the new Highway Works and Consultancy Contracts which were prepared and put out to tender during the contract period. The opportunity was taken to incorporate the Highway Surfacing Contract in the new Highway Works Contract which increased the value of the Works Contract to make it more attractive to tenderers and provided the opportunity for better co-ordination of work.
11. The successful tenderer for the new Highway Works Contract was Ringway Highway Services. There will not be a separate review of the surfacing aspects of the contract next year as these will be included in the overall review of the whole service. The first year of the new contracts will end in June 2007. The successful operation of the contracts and the delivery of the service depend on all three parties, the Client, Consultant and Contractor. It is therefore proposed that the next review of service under these contracts should be produced jointly by all three parties.

Environmental Impact of the Proposal

12. The contract required the contractor to operate a Quality Management System and an Environmental Management System and Tarmac Ltd. met these requirements.
13. The road planings generated by the surfacing schemes were used wherever possible on rights of way. The reuse of this material provided a resource to bring the rights of way up to standard and reduced the volume of material going to landfill. It is proposed to continue this process with the new Highway Works Contract and also to explore the possible reuse of this material in the road construction itself.

Risk Assessment

14. The award of the contract under European Union and County Council procurement regulations ensured that the Council complied with its legal requirements. The safety record and environmental protection systems operated by Tarmac Ltd. were effective.

Financial Implications

15. The tendering of the surfacing work for 2005-06 ensured that value for money was obtained. It was a short term arrangement to provide road surfacing during the period leading up to the start of the new Highways Works Contract which came into operation on the 1st June 2006. Tarmac worked within the budget provided and kept good control of financial aspects of the contract.

Options Considered

16. It was necessary to award a contract for the carriageway surfacing works in order to ensure that the Council met its obligations with regard to highways maintenance and to ensure value for money was obtained. It was considered appropriate to include future surfacing work in the new Highway Works Contract from 1st June 2006 rather than let a separate contract for the surfacing elements because of the potential benefits of economies of scale and improved co-ordination of works.

Conclusion

17. The services provided by Tarmac Ltd. during 2005-06 met the Council's needs and budget requirements. The quality of workmanship and management was of the highest standard and Tarmac Ltd. worked well with County Council officers and the Ringway Parkman team.

Proposal

18. That Members:
 - (i) Note the contents of this report;
 - (ii) Thank Tarmac Ltd. for its contribution to the county's highway service during 2005-06.

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The following unpublished documents have been relied on in the preparation of this Report:

None