

**Manchester City Council  
Report for Resolution**

**Report To:** Resource and Governance Overview Scrutiny Committee – 10  
February 2011

**Subject:** Traffic Signal Maintenance Contract

**Report of:** Strategic Director – Neighbourhood Services

---

**Summary**

To provide members with a brief update on the progress made to date relating to the Procurement of a new Traffic Signal Maintenance Contract.

**Recommendations**

To note the progress made towards having a new Contract in place for commencement on 1 June 2011.

To note the process to reach the Preferred Bidder recommendation and agree the timescale for progressing to contract signing and mobilisation.

To note that the Chair will be requested to exempt the Key Decision from call in to enable the timescales for award of the contract to be met.

**Wards Affected**

All.

**Contact Officers**

Name: David Lea  
Position: Director of Commercial Service  
Telephone: 234 4808  
E-mail: david.lea@manchester.gov.uk

Name: Dorothy Higginson  
Position: Greater Manchester Interim Strategic Transport Manager  
Telephone: 247 3175  
E-mail: d.higginson@manchester.gov.uk

**Background documents**

Procurement documentation relating to the competitive dialogue process.

## 1.0 Introduction

- 1.1 Greater Manchester has a current traffic signal population of 2,160 broken down across the 10 districts as follows:

District	Signal Population
Bolton	217
Bury	112
Manchester	544
Oldham	161
Rochdale	145
Salford	202
Stockport	243
Tameside	159
Trafford	151
Wigan	226
<b>TOTAL</b>	<b>2,160</b>

- 1.2 The existing maintenance contracts have been in place for 9 years and are due to expire in May 2011.
- 1.3 The Greater Manchester Urban Traffic Control Unit is responsible for the installation and maintenance of all traffic signals within Greater Manchester. The maintenance of signals is handled through existing contracts which cover certain elements of main signal installations.

## 2.0 Procurement Process

- 2.1 The procurement process commenced in May 2010 with the development of a 6 volume tender document set covering technical requirements, commercial arrangements and legal conditions.
- 2.2 The procurement has been undertaken using a competitive dialogue approach which was selected as the optimum means of developing the final tender and contract arrangements. A rigorous programme structure has been established with tight governance including risk management, through the Project Board. The Project Board is formed of members across AGMA chaired by Manchester City Council.
- 2.3 Four suppliers were selected at the pre-qualifying stage of the process and were invited to submit details.
- 2.4 Two of the suppliers declined to submit their details citing the “strong competition” as their reason for declining the opportunity.
- 2.5 The two remaining suppliers submitted their details and have been fully engaged in the competitive dialogue process.
- 2.6 During the competitive dialogue sessions areas of uncertainty have been clarified as well as exploring the achievable scope and remit of the contract, in

terms of what elements may or may not fall within it. There is therefore, the potential for all signals and traffic management equipment to be included as well as the installation of new sites.

- 2.7 From the discussions undertaken so far the preferred route will be to group together a range of on-street signals and related equipment, using a single contractor with a minimum contract length of 15 years, but with the ability to extend up to 20 years, based on an outcome specification. This will optimise potential competition and provide the basis for delivering value for money.
- 2.8 A key element being explored through the Procurement process is an asset replacement programme which will address the introduction of LEDs to replace the existing halogen lamps. This initiative will:
- Provide reductions in power consumption
  - Reduce CO<sub>2</sub> emissions by approximately 6,000 tonnes per year
  - Remove the need for a bulk lamp change twice a year
  - Provide Greater Manchester with the latest signal lamp technology
- 2.9 Detailed cost and pricing tables have been developed to inform the financial model. This was created to assist the evaluation process during the Interim Tender Submission (ITS) and final tender submission stages. This process was essential to ensure that the ultimate cost of the successful tender falls within the affordability envelope of funding available to GMUTC.
- 2.10 The competitive dialogue process has allowed both GMUTC and the bidding companies to discuss expectations and the scope of the procurement. GMUTC has outlined its preferred approach and highlighted the need for costs to be contained.
- 2.11 Through the pricing model, bidders have been able to test the affordability of their proposals before final submission.
- 2.12 Discussions have covered all aspects of the potential contract including:
- Core signal maintenance
  - Variable message signs
  - Car park signs
  - CCTV
  - Red light violation cameras
  - Signal repair as a result of collision damage
  - Loop detectors
  - New installations
- 2.13 The model allows bidders to test the effect of incorporating the additional elements of variable message signs, red light violation cameras etc to identify which components can be accommodated within the contract.

### 3.0 Current Status & Next Steps

- 3.1 The competitive dialogue sessions were completed in late November following which the final tender documents were produced and issued on 8<sup>th</sup> December 2010, with responses received from the bidding companies on 17<sup>th</sup> January 2011.

Following initial evaluation, clarification meetings were held on 25<sup>th</sup> and 26<sup>th</sup> January after which a normalisation process was completed.

- 3.2 The table below outlines the timetable for the completion of the procurement process:

8 December 2010	ITT issued (dialogue programme closed)
17 January 2011	ITT return date
17 February 2011	Preferred bidder recommendation
28 February 2011	Letter of Intent and start of mobilisation
1 March – 31 May	Mobilisation period
1 April	Contract signed by Combined Authority
1 June 2011	Formal start of contract operation

- 3.3 The procurement process has been undertaken on the understanding that Manchester City Council is the lead authority and will sign a letter of intent to progress mobilisation after which the contract will be signed by the new Combined Authority following its inception in April 2011. In the event that the contract needs to be signed by the City Council, appropriate capital budget provision will need to be made to give 'cover' to the capital expenditure involved.
- 3.4 All procurement, finance and legal work during the procurement process has been undertaken as a joint activity between officers of Manchester City Council and GMPTE.
- 3.5 Representatives from the Districts have been involved throughout as part of the Project Board and have been fully involved in all decisions.
- 3.6 GMUTC has now started the mobilisation planning phase prior to commencing discussions with the preferred bidder once this position has been confirmed.
- 3.4 A full mobilisation plan will be developed by late February. This will contain a detailed activity plan, cost estimates, risk and issue log together with resource requirements both for the mobilisation and implementation as well as long-term requirements.

### 4.0 Recommendations

- 4.1 To note the process to reach the Preferred Bidder recommendation and agree the timescale for progressing to contract signing and mobilisation.

- 4.2 To note the proposal to issue a letter of intent to allow mobilisation prior to contract signing by the Combined Authority in early April 2011.
- 4.3 To note that the Chair of Scrutiny will be requested to exempt the Key Decision from further call in to enable the timescales for award of the contract to be met.