

<b>To : PLANNING AND ENVIRONMENT COMMITTEE</b>		<b>Subject : CAPITAL PROCUREMENT -ANNUAL BEST VALUE REVIEW</b>
<b>From : DIRECTOR OF PLANNING AND ENVIRONMENT</b>		
<b>Date : 8<sup>th</sup> June 2005</b>	<b>Ref : N/TM/03/02</b>	

**1. Purpose of Report**

- 1.1 The purpose of this report is to seek Committee approval to the procurement of up to 50% of the Lighting Capital Programme for 2005/6 from ARNL (Ameys Roads North Lanarkshire) through the RMC (Roads Maintenance Contract).

**2. Background**

- 2.1 Reference is made to the Planning and Environment Committee Meeting of 15<sup>th</sup> December 2005, which inter alia approved the implementation of a rate realignment to the RMC. Committee also approved a Minute of Agreement authorising procurement of up to 50% of capital works through the RMC provided that best value is achieved. This arrangement has to be reviewed annually.
- 2.2 ARNL were best value for Lighting Capital Works in 2004/5 and the procurement of 50% of the lighting capital programme (approx.£1.1M) through the RMC resulted in a total of £98k being returned to Council via the volume discount mechanism.
- 2.3 The best value review for 2005/6 has been carried out based on a cost comparison of all of the lighting capital and market testing works tendered in 2004/5. The costing exercise has considered contract, tender and volume discount costs and shows that the works procured through the RMC are comparable in comparison with market rates for Street Lighting refurbishment works. Additional value will also be obtained through our shareholding in ARNL, if as anticipated the company continues to return annual profits. The RMC rates therefore represent good value for money.
- 2.4 Procurement of 50% of the Lighting Capital Programme for 2005/6 (approx.£0.9M) will result in an estimated £82k being returned to the Council through the volume discount mechanism. Income from the PPP companies is used to support other priority areas of work within the Council.
- 2.5 Resources have been assessed against the proposed capital works program shown on Appendix 1. ARNL are continuing to grow their Street Lighting resource commensurate with winning tenders for work with other Council's and the Scottish Executive. It is proposed that ARNL will have 6 tracking squads assigned to undertake NLC works. Based on this resource ARNL can complete 50% of the lighting capital works in 16 weeks. Notwithstanding this capacity it is intended to program this work over to be released over 24 weeks i.e. by December 2005. Last year ARNL won 50% of tendered work. Assuming ARNL win 50% of the 05/06 tendered capital and Market Testing work they have capacity to complete within 33 weeks i.e. by February 2005. Selection on tender list above this volume of work would be reviewed and be dependant on ARNL ability to accelerate the works and or provide additional resources. The Director of Planning and Environment therefore considers that ARNL have sufficient resources to undertake the works. Project monitoring and development of Safety Plans will be undertaken.

**3. Recommendations**

3.1 It is recommended that Committee;

- a) Notes that procurement of street lighting works through the RMC represents best value,
- b) Notes that ARNL have sufficient resources to undertake this work,
- c) Authorises the Director of Planning and Environment to procure up to 50% of the lighting capital works for 2005/6 through the RMC,
- d) Notes that further reports will be submitted annually.



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**DIRECTOR OF PLANNING & ENVIRONMENT**

Any person wishing further information on the above should contact G. Mackay on extension 01236-616403

