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**From:** Simon Jones, Corporate Director, Growth, Environment & Transport

**To:** Neil Baker, Cabinet Member for Highways & Transport

**Subject:** Traffic Systems Asset Maintenance Contract

**Decision no:** 25/00017

**Classification:** Unrestricted

**Future Pathway of report:** Cabinet Member Decision

**Electoral Division:** ALL

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**Is the decision eligible for call-in? Yes**

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**Summary:** The Council has a statutory duty to ensure that all Traffic Systems Assets on the public highway are maintained in safe working order and enable the efficient movement of all road users on the network.

This report seeks permission to procure and award a replacement maintenance contract, once the current arrangement with Telent Technology Service Ltd end.

**Recommendation(s):**

The Cabinet Member for Highways and Transport is asked to agree to:

- I. DELEGATE authority to the Corporate Director of Growth, Environment and Transport to progress and complete a procurement process and enter into commercial contracts as necessary for the delivery of the service, subject to the approval of Strategic Commissioning
  - II. APPROVE KCC officers to specify, project manage and supervise the service to meet the needs of all road users.
  - III. DELEGATE authority to the Corporate Director of Growth Environment & Transport in consultation with the Cabinet Member for Highways and Transport, to take relevant actions, including but not limited to, awarding, finalising the terms of and entering into the relevant contracts or other legal agreements, as necessary, to implement the decision as shown at Appendix A.
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## **1. Introduction**

- 1.1 The existing maintenance contract for Intelligent Transport Systems (ITS) assets was procured via an OPEN tender procurement process, whereby Telent Technology Services Limited were the successful bidder. The contract was structured with an initial term of five years, commencing on 1 April 2016 and

included the option of extending the contract on one or more increments up to a maximum of 10 years. These extensions have been initiated and therefore mean the contract shall expire on 31 March 2026.

1.2 The Intelligent Transport Systems inventory of equipment comprises the following:

- 365 traffic signal-controlled junctions
- 417 traffic light-controlled crossings (pelican, puffin, toucan, pegasus)
- 148 electronic roadside message signs (VMS)
- 236 electronic vehicle activated warning signs (VAS)
- 191 highway monitoring CCTV cameras
- 1 over-height vehicle detection site

1.3 This Service manages a full maintenance provision for existing and new technology assets on the Kent Highway network, primarily traffic signals but also electronic message signs, CCTV and associated communications infrastructure, to include:

- Routine inspections of equipment to meet statutory duties
- Fault repairs due to wear and tear or third-party damage
- Temporary switch off traffic signals to allow third parties to undertake works
- Planned works to modify existing assets or renew life expired equipment
- Communications between on-street units and the Traffic Operations Centre
- Provision, operation and management of a fault reporting/monitoring platform
- Emergency call outs to make damaged equipment safe during out of hours

## **2. Key Considerations**

2.1 All traffic systems assets used to manage the highway network are of a very specialist and technical nature. As such the market for providing the required maintenance service is limited to three suppliers, all with the capability to deliver the whole contract. Therefore, it is key to encourage all three to submit compliant bids to ensure a competitive procurement process and achieve best value.

2.2 Due to the specialist nature of ITS works, there are only a limited number of providers delivering this type of work. The market leaders are Siemens, Telent and Imtech (formerly Peek Traffic). Following engagement with a number of authorities and providers, it has been established that the best approach is to create a contract that deals with routine and non-routine works. Essentially this is similar to the current contract; the new contract will therefore define the means, measures and payment mechanism for maintaining the ITS asset effectively including an appropriate balance of risk.

## **3. Background**

3.1 The service designs, operates, manages and maintains a wide variety of on-street technology to make efficient use of the highway network. The existing contract covers the maintenance of traffic signals with associated vehicle detection systems, as well as electronic message signs, speed/hazard warning signs, CCTV cameras, over-height vehicle detection and the associated fibre optic cables, mobile phone communication links, fixed broadband circuits and other systems used by the Traffic Operations Centre (TOC) based at Aylesford.

- 3.2 Traffic signals form most of this asset group and are used to manage conflict on the highway between vehicles, pedestrians, cyclists and horse-riders. These are all designed to comply with national standards and technically approved by the Traffic Operations and Technology Team. This ensures a consistent approach across the county and provides safe crossing facilities for vulnerable users and those with mobility impairments.
- 3.3 There are a variety of electronic road side message signs across the county from various suppliers, some of which are obsolete and cannot be efficiently maintained. These are being reviewed to assess their long-term effectiveness and some may be removed.
- 3.4 The contract also includes CCTV maintenance, as this is a key tool used to manage traffic on the highway network by the TOC, although images are not recorded. Many of the cameras are located at signal-controlled junctions and use the same communications infrastructure.
- 3.5 There are several miscellaneous ITS assets on the highway network, e.g. automatic rising bollard in Ashford, over-height vehicle detectors, etc. These will be maintained by the new ITS contractor. Additionally, the new contract will cater for maintenance of new equipment, such as electric vehicle charging points, Bluetooth devices and potentially traffic enforcement cameras to ensure maximum flexibility and will include future proofing and innovation.

#### **4. Options considered and dismissed, and associated risk**

- 4.1 Several options have been considered for delivery of the maintenance service, as traffic systems are fundamentally different from other assets and packaging these with other contracts is not appropriate.
- 4.2 Option 1 – Cost reimbursable with open book (NEC Option E)  
Contractor would be paid actual costs with an agreed percentage increase for overheads and profit. This does not offer good value for money and places all the pricing risk on KCC.
- 4.3 Option 2 – Lump sum routine and rates for non-routine works (NEC Option A)  
Day to day fault repairs and inspections of all ITS assets would be at a fixed monthly sum. All non-routine works would be agreed prior to delivery and paid at the defined rates. This offers control over spend and allows works to be prioritised to budget and would transfer the appropriate risk to the contractor at a price.
- 4.4 Option 3 – Lump sum for routine and non-routine works (NEC Option A)  
Day to day fault repairs, inspections and non-routine work would be at a fixed monthly sum. This offers no incremental financial controls or work prioritisation and does not allow a flexible approach to changes.
- 4.5 Option 4 – Insourcing with a supply only contract for equipment  
Transfer contractor staff to KCC employment and procure a supply only contract with one of the traffic signal suppliers. These staff would require specialist training and increase the risk to KCC with little financial incentive.

- 4.6 For each of the above, there are two fundamentally different approaches to how the contractor prioritises fault attendance:
- Response based: The contractor must attend faults within a defined period which is measured. It offers limited opportunity for the contractor to deploy resources efficiently and often results in significant lost time due to travelling.
  - Availability based: The contractor is measured on the availability of the ITS asset and has scope to manage the way in which this is best achieved. This can result in more first-time fixes and a more strategically based approach.
- 4.7 The preferred contractual arrangement is Option 2 with a combination of Availability and Response based performance measures and targets. The inclusion of a Fault Management System within the contract is essential to ensure an efficient means of tracking faults and performance. This removes the need for the client to procure a separate application which may adversely impact the ability of the contractor to deliver the service.

## **5. Financial Implications**

- 5.1 There are no financial implications, beyond the current revenue commitment, as this is to ensure continuation of an existing service by procuring a replacement for the current maintenance arrangements. The figures below are solely related to the provision of the maintenance service and do not include staffing, which will be unaffected.
- 5.2 This service is funded from within an existing revenue allocation currently £1.4M per annum, which has been uplifted each year of the contract due to inflation. There is confidence that the market will be able to provide the required service and quality at a comparable rate, although the scope of works is scalable to remain within the budget limits.
- 5.3 In addition, there is capital funding of £750k per annum for asset refurbishment and replacement, allocated from the government maintenance block settlement. This contract will not include new installations by third parties and there is no guarantee of the capital spend level.

## **6. Legal implications**

- 6.1 As the contract value is above £1,000,000.00, a legal review of the contract will be completed.
- 6.2 This decision is necessary to ensure continuity of an existing statutory duty under Section 41 of the Highways Act to maintain assets on the public highway network.
- 6.3 Procurement will be done under PCR regulations.

## **7. Equalities implications**

- 7.1 An EqIA has been completed and is attached as Appendix A. This will be published alongside the ROD and Decision report when the decision is taken.

7.2 There are no adverse impacts for any of the protected characteristics.

7.3 There are some benefits to the young, elderly and those with sight and mobility impairments, through the provision of features at signal-controlled crossing facilities.

## **8. Data Protection Implications**

8.1 There is no need for a DPIA, as no personal data is processed.

## **9. Other corporate implications**

9.1 There are no wider corporate implications, as this is to replace an existing contract and maintain continuity of this specialist service.

## **10. Governance**

10.1 The recommendations include for delegation to the Corporate Director for Growth, Environment and Transport to take decisions on this contract, as appropriate.

## **11. Conclusions**

11.1 There is a need to replace the term service maintenance contract for traffic systems assets on the highway network to ensure continuity of service. A full procurement process will be followed, aimed at encouraging bids from the three suppliers capable of delivering the requirements.

11.2 The preferred contractual arrangement is Option 2 (NEC Option A) with a combination of Availability and Response based performance measures and targets.

11.3 There are benefits for the young, elderly and those with sight/mobility impairments, with the provision of measures at signal-controlled crossing facilities which must be maintained.

## **12. Recommendations**

12.1 The Cabinet Member for Highways and Transport is asked to agree to:

- i. DELEGATE authority to the Corporate Director of Growth, Environment and Transport to progress and complete a procurement process and enter into commercial contracts as necessary for the delivery of the service, subject to the approval of Strategic Commissioning
- ii. APPROVE KCC officers to specify, project manage and supervise the service to meet the needs of all road users.
- iii. DELEGATE authority to the Corporate Director of Growth Environment & Transport in consultation with the Cabinet Member for Highways and Transport, to take relevant actions, including but not limited to, awarding, finalising the

terms of and entering into the relevant contracts or other legal agreements, as necessary, to implement the decision as shown at Appendix A.

### **13. Background Documents**

None

### **14. Appendices**

A – Proposed Record of Decision  
B - Equality Impact Assessment

### **15. Contact details**

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