

PUBLIC ACCOUNTS SELECT COMMITTEE		
Report Title	Update - Public Realm Works Review	
Key Decision	No	Item No. 6
Ward	All	
Contributors	SGM Capital Programme Delivery	
Class	Part 1	Date: 5 July 2016

## 1. Purpose

- 1.1 To update the Public Accounts Select Committee following the December 2015 officer presentation that responded to the Select Committee's review of the delivery of the council's public realm works as part of its work programme for 2015/16.

## 2. Recommendations

- 2.1 The Select Committee is asked to note the contents of the report.

## 3. Policy Context

- 3.1 A number of strategies and plans are relevant to the monitoring carried out by the select committee.
- 3.2 Lewisham's overarching Sustainable Communities Strategy sets the vision for the future of the borough. One of its key priorities is to create a 'clean, green and liveable environment – where people live in high quality housing and can care for and enjoy their environment'. A contributory aim of this priority is to: "protect and enhance our parks, open spaces and local biodiversity".
- 3.3 Another priority is 'healthy, active and enjoyable place – where people can actively participate in maintaining and improving their health and well-being'. A further contributory aim to this priority is to: "improve the well-being of our citizens by increasing participation in healthy and active lifestyles.
- 3.4 The Regeneration Strategy 'people, prosperity and place' is also relevant and links the Council's corporate priorities to the development and regeneration of Lewisham's communities, the local economy, the built environment and public realm.
- 3.5 Lewisham's latest Strategic Asset Management Plan (2015-2020) sets out the opportunity to optimise the use of assets to maintain the quality of service provision while further driving reductions in expenditure and exposure to

costs; and to reframe the focus across the borough based on the evolving picture on housing, regeneration, development and public realm. During the life of the last Asset Management Plan (2010-2014) the Council made savings of over £100m with significant savings achieved through better use of assets and management of public realm.

- 3.6 Lewisham's Open Space Strategy 2012 – 2017 outlines a vision 'to protect, enhance and cherish open space for the benefit of local people, the wider community and for future generations'. Its principal aims include: promoting and supporting urban renaissance; promoting social inclusion and community cohesion; promoting healthy lifestyles and wellbeing; protecting and enhancing open space; and to promote a safe and secure environment.

## **4 Background**

- 4.1 At the meeting of the Public Accounts Select Committee on 2 December 2015 officers presented a report that outlined the overall project and programme management framework for project delivery across the council including the delivery of public realm works or projects.
- 4.2 The report followed the Public Accounts Select Committee meeting in April 2015 when the Committee resolved to undertake a monitoring exercise looking at how public realm works are conceived, developed and managed within Lewisham as part of its work programme for the municipal year 2015/16.
- 4.3 Members were interested in how public realm works are developed from inception through to delivery and in particular the framework and processes around how the contracts are procured, managed and closed-off, and how any lessons learned are filtered through future public realm works. These were the subject matter of December 2015 report.
- 4.4 At the meeting members asked that a further report be brought back in six-months which outlined further lessons learnt as well as specific queries relating to a local suppliers and 'light touch regime contracts'. Updates on the specific points of query are set out below.

## **5 Update**

### **5.1 Lessons Learned:**

The Regeneration and Capital Programme Delivery Board has responsibility and accountability for the delivery of all Regeneration and Capital projects and programmes (of the built environment) and ensuring that all projects and programmes are properly managed and monitored during delivery. This includes the delivery of all public realm projects and programmes. This governance framework for project delivery requires lessons learned to be completed as part of all project closure reports. The section below lists some of the lessons learned during the delivery of public realm projects and how

these continue to inform the delivery of on-going and future projects.

- 5.1.1 All schemes to be developed through the key stages of initial, preliminary and detailed designs to ensure the project costs and resources are fully aligned at the start of projects.
  - 5.1.2 Stakeholder engagement and support including member engagement where relevant to be secure at key stages of project design and delivery.
  - 5.1.3 Adapt stakeholder engagement, consultation and communication methods to suit relevant project circumstances to ensure prompt communication and full engagement in the process.
  - 5.1.4 Where there are direct impacts of schemes or projects to shopkeepers and frontages, these are to be communicated early to the people or property owners affected to ensure that the necessary remedy or agreements are in place to enable projects to progress smoothly on site.
  - 5.1.5 Contractors working on major schemes to be required to actively engage with shopkeepers and property owners in the immediate environs of their work and have a site office exhibiting the proposals with representatives on site or available to respond to any public enquiry about the scheme.
  - 5.1.6 Project delivery programmes or timeframes to be realistic to ensure public/stakeholder expectation is better managed.
  - 5.1.7 Extensive surveys, trial holes and site investigations to be carried out prior to commencement of onsite work to ensure all eventualities are accounted for.
  - 5.1.8 Where appropriate, every effort to be made to ensure comprehensive project conception and delivery instead of sequential or disparate delivery where for example different projects are delivered in one area over a short space of time causing unnecessary disruption to local residents and shopkeepers.
  - 5.1.9 Effective traffic management regimes to be planned and implemented for all public realm schemes to minimize disruption to vehicles, buses and pedestrians during project delivery.
- 5.2 List of Local Suppliers:
- 5.2.1 The Council runs an open procurement process in keeping with EU regulation. Highways and public realm related works are often procured through open tender process or through pre-approved frameworks such as the London Highways Alliance Contract framework (LoHAC) due to the complex nature of the works involved and also of the value of resulting contracts. There is currently no Civil or highways contractor based in the borough and the council does not maintain a list of local suppliers for highways and public realm works for this reason.

### 5.3 Resurfacing Contract:

- 5.3.1 The Council's current highways resurfacing contract is operated by FM Conways. The 18-month contract started on 1<sup>st</sup> October 2015 following a competitive tender exercise involving 7 bidders.
- 5.3.2 The contract is based on Schedule of Rates model where the completed works are measured and quantities agreed before payments are made. The contract value is estimated at approximately £3.5M over the contract period.
- 5.3.3 The terms of the contract is such that, the contractor is precluded from any form of exclusivity or volume guarantee and the Council is entitled to enter into other contracts or agreements with other contractors for the provision of any or all of the works and services, which are the same as or similar to the works under the contract. This is to ensure that spend under this contract is within the Council's budget throughout the life of this contract.
- 5.3.4 The agreed 18-month contract is due to end in March 2017 and work has now began on the process to procure a new contract.

### 5.4 Light Touch Regime Contracts:

- 5.4.1 Light Touch Regime Contracts relate to the Public Contracts Regulation. The new Public Contracts Regulations 2015 (the '2015 Regulations') removed the distinction between Part A and Part B services, which previously existed under the Public Contracts Regulations 2006 (the '2006 Regulations'), and has replaced it with a new light touch regime.
- 5.4.2 Under the 2006 Regulations, Part A services were deemed to have cross-border nature, i.e. a company in Belgium would be as interested in providing the services as a company from Coventry. Consequentially, Part A services had to comply with the full public procurement law regime. Part B services being more suited to local operations were considered not to have a cross-border interest and, therefore, did not need to comply with the full extent of the 2006 Regulations.
- 5.4.3 When the European Commission updated public procurement law, it wanted the full regime to apply to all services and remove the distinction between Parts A and B. However, Member States were resistant to this and therefore a compromise was reached. The Part A/B distinction has been removed, however a new regime has been introduced for certain health, social and other services (listed in Schedule 3 of the 2015 Regulations), which has been dubbed the 'light touch regime'. The services listed in Schedule 3 reflect, to a certain extent, the old Part B services and include services such as hotel and restaurant services, social services, health services and cultural services.

5.4.4 The new light-touch regime (LTR) is therefore a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition. The service contracts include certain social, health and education services. The full list of services to which the Light-Touch Regime applies is set out in Schedule 3 of the Public Contracts Regulations 2015 (Appendix A).

5.4.5 The Council's highways maintenance, resurfacing and public realm related contracts are not covered by the changes to the Public Contracts Regulations 2015 also known as Light Touch Regime Contracts.

## **Appendices**

If you would like further information on this report please contact Kplom Lotsu, SGM Capital Programme Delivery. Ext **49283**