

Report to Cabinet

15 November 2023

Subject:	Black Country Framework Contract for Minor Works 2021 – 2024
Cabinet Member:	Councillor Danny Millard Highways and Environment
Director:	Director Borough Economy Alice Davey
Key Decision:	No
Contact Officer:	Robin Weare, Assistant Director, Highways Steve Scrivens, Senior Engineer

1 Recommendations

- 1.1 That approval be given to apply a provisional BCIS inflationary uplift of 20.64% to the schedule of rates on the current Black Country Framework Contract for the Minor Works 2021 – 2024 in accordance with Appendix B of the Contract.
- 1.2 That the provisional BCIS inflationary uplift is implemented as soon as possible and adjusted to align with the firm BCIS index for September 2023 when published in January 2024.
- 1.3 That decision making as the “Authorised Officer” defined in the Black Country Framework Contract for the Minor Works 2021 – 2024 be delegated to the Director of Borough Economy.

2 Reasons for Recommendations

- 2.1 The purpose of this report is to request approval to apply the new percentage inflationary uplift to the schedule of rates on the current Black Country Framework for Minor Works 2021-2024.



- 2.2 The BCFMW was procured in September 2021 and awarded in January 2022 with the appointment of eleven contractors over three lots. This Contract allows the delivery of Sandwell's highway schemes to a high quality and improve road safety.
- 2.3 The BCFMW contract is a collaborative contract involving all the Black Country authorities including Birmingham City Council and Transport for West Midlands for which Sandwell is the lead authority on this contract.
- 2.4 The BCFMW contract has made allowance for an inflationary percentage uplift, cost fluctuation to the contractors' rates on the 2nd and 3rd anniversary of the Contract, September 2023 and September 2024 respectively. The percentage uplift is dictated by the Price Adjustment Indices (Civil Engineering) 1990 Series published by Building Cost Information Services (BCIS).
- 2.5 The following indices and the proportions are:
Labour and supervision, 30%
Plant and Road Vehicles, 20%
Aggregates, 15%
Cements, 10%
Coated roadstone and bituminous products, 15%
DERV Fuel, 10%
- 2.6 The published figures from BCIS is only showing August as 'Provisional' with a calculated uplift of 20.64% over the first 2 years of the contract. It is anticipated the 'firm' September figures will be available January 2024 however an uplift is due to be paid from September 2023.
- 2.7 It is recommended the percentage uplift of 20.64% is applied to the schedule of rates as soon as possible for all schemes procured on the Framework Contract and the percentage uplift re-assessed in January 2024 when the September 2023 indices figures are 'firm'.
- 2.8 The contract has a term of 3 years extendable to 4 years. The contract had a total indicated value of £50m at the outset and this could be extended to a maximum of £75m if necessary when extended.
- 2.9 The Cabinet Report on 7th July 2021 delegated Authority to the Director of Borough Economy to award the contract following a compliant tendering process.



2.10 Sandwell are currently commissioning around £10m of work per year under this contract. This is likely to increase with the external capital pipeline grant work that has been allocated to Sandwell since the contract was awarded. Other authorities are awarding less work than anticipated so it is unlikely that the total value of the contract would exceed £50m in 3 years or £75m in 4 years.

2.11 The 2nd anniversary of the contract has been reached and an inflationary price increase is due. This has been calculated as 20.64% in accordance with the provisions of the contract for the 2-year period. The remaining value of the contract is currently estimated to be in the range £20m to £40m over the next 2 years depending on how quickly business cases are approved across the Black Country. Consequently the 20.64% inflationary increase has a value of £4m to £8m over the next 2 years.

3 How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people: Good, well maintained and safe highway infrastructure will encourage more walking and cycling among our younger people increasing their wellbeing and health, improving road safety, reducing road casualties and improving air quality.</p>
	<p>People live well and age well: A safe and well-maintained highway environment plays an important role in the life of the community, particularly the positive opportunities that they can bring from health, independence, social inclusion and interaction.</p>
	<p>Strong resilient communities: Quality highway infrastructure will make communities feel safe, more protected and confident in their neighbourhoods.</p>
	<p>A strong and inclusive economy: Local highways are the arteries of our communities. They connect residents to employment, education, local services and the wider world. They enable economic growth, social mobility and are vital in ensuring good health and economy.</p>
	<p>A connected and accessible Sandwell: Our residents will have excellent public transport that connects them to jobs and opportunities not only in the West Midlands region but across the nation</p>



4 Context and Key Issues

- 4.1 The Highways Minor Works framework enables quick and efficient use of contractors to undertake programmes of work comprising many schemes and eliminates the need for costly and timely tendering processes for each individual scheme. This avoids long delays in delivering safety and infrastructure improvement projects and provides better value for money by tendering in volume for programmes of work in collaboration with Black Country Authorities.
- 4.2 The framework contract provides for an index linked inflationary adjustment at the end of the first 2 years.

5 Alternative Options

- 5.1 Highway Services would need to utilise elements of other less suited framework contracts for urgent service provision and tender separately for dozens of individual schemes. This would increase costs, delay delivery and put external grant funding at risk of underspend or claw back.

6 Implications

Resources:	Works undertaken utilising The West Midlands Collaborative Framework Contract 2021-2024 will be funded through yearly revenue allocations and capital budgets and grants in relation to (but not exclusively), Integrated Transport Block, Challenge Fund, Active Travel Fund, Towns Fund, Better Streets Fund, Highway maintenance, road safety and development support.
Legal and Governance:	The principal legal statutory duties and processes required to implement the highway improvement and traffic management requirements are; <ul style="list-style-type: none">• The Highways Act 1980.• The Road Traffic Act 1988• The Traffic Management Act 2004• The Road Traffic Regulation Act 1984• The Highway (Road Humps) Regulations 1999



Risk:	There are no specific risk or resource implications. The West Midlands Collaborative Framework Contract for Minor Works will be used to support the delivery of the statutory duties outlined above and from approved capital programmes and revenue budgets.
Equality:	An Equality Impact Assessment (EIA) initial screening has been undertaken. The screening identified that there will be no adverse impact on people or groups with protected characteristics. A full EIA is not required.
Health and Wellbeing:	The Highway environment plays an important role in the life of the community, particularly the positive opportunities that they can bring from social inclusion and interaction. The procurement of this West Midlands Collaborative Framework Contract for Minor Works will help ensure there is a continuation of road safety improvement works on the highway network and that our highways are maintained to a good standard.
Social Value	Social Value benefits are derived from the important role a well-maintained and safe highway environment plays in the life of the community, particularly the positive opportunities that they can bring from social inclusion, sustainable travel choice and social interaction.
Climate Change:	Well maintained highways support climate change objectives through the supporting more activate travel choices, delivery of carbon reduction savings and associated benefits outlined in the Corporate Plan.
Corporate Parenting:	Good, well maintained highway infrastructure promotes improved physical and mental health and well-being of children and young people through more walking and cycling, improving road safety and air quality.

7. Appendices

Calculation of percentage uplift based on the Price Adjustment Indices (Civil Engineering) 1990 Series published by Building Cost Information Services (BCIS).



8. Background Papers

None

