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Meeting	Cabinet Resources Committee
Date	29 June 2011
<b>Subject</b>	<b>Novation of a Contract for Highways (Highways Planned Maintenance &amp; Improvements Contract 2007-12)</b>
Report of	Cabinet Member for Environment
Summary	The report seeks approval for the Novation of the Highways Planned Maintenance and Improvements Contract 2007-12 from “Ringway Infrastructure Services” to “Eurovia Infrastructure Limited”.

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Officer Contributors	C Chrysostomou/S Vaiti
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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## **1. RECOMMENDATIONS**

- 1.1 That the novation of the “Highways Planned Maintenance and Improvements Contract 2007-12” from “Ringway Infrastructure Services Limited” to “Eurovia Infrastructure Limited” be approved.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 19 February 2007, Decision 8 – the Committee agreed to award the “Planned Maintenance & Improvements Contract 2007-12”, contract 50069, to Ringway Infrastructure Services Ltd, following a competitive tendering process.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The novation of the Planned Maintenance & Improvements Contract 2007-12 would allow the delivery of services that contribute to the following objectives of the Council's 2010-2013 Corporate Plan:

- A Successful London Suburb.
- Better Services with Less Money,
- Sharing Opportunities and Sharing Responsibilities.

In particular, this contract directly contributes to maintaining and improving of transport infrastructure, improving traffic flows, reducing journey times and improving quality of life and the local environment and creating conditions for a vibrant economy.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The novation of this contract carries no additional risk to the Council as the terms and conditions of the contract will not change and the overarching Parent Company Guarantee will remain.
- 4.2 We have considered whether the issues involved in the novation of the contract are likely to raise significant levels of public concern or give rise to policy considerations and it has been concluded that this is unlikely to be the case.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Highways Planned Maintenance and Improvements Contracts has been procured using the Council's procurement process. As part of this procurement process, Eurovia demonstrated they will be able to support the council in meeting its public obligations to promote race equality and disability equality whilst undertaking work on the council's behalf.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 There are no resource implications for the Council as the contractor, Eurovia Infrastructure Limited, will pay all the Council's legal cost in relation to the novation of contract.

## **7. LEGAL ISSUES**

7.1 None except any mentioned or referred to in the body of the report.

## **8. CONSTITUTIONAL POWERS**

8.1 Council Constitution, Part 3, Responsibility for Functions - paragraph 3.5 states that Cabinet Committees may discharge the executive functions that fall within their terms of reference, whether or not they are also delegated to officers, except for matters specifically reserved to Cabinet.

8.2 Council Constitution, Part 3, Responsibility for Functions - paragraph 3.6 states the terms of reference of the Cabinet Resources Committee.

8.3 Council Constitution, Contract Procedure Rules, Paragraph 5.6.3 - provides that in the case of a contract novation or assignment, the original contract value shall be used to determine the level of authorisation required in accordance with the thresholds for Works, Supplies and Services set out in Table 5-1 (Authorisation and Acceptance Thresholds for Works, Supplies and Services) of the Contract Procedure Rules. Table 5-1 requires authorisation from Cabinet Committee for contracts of £500,000 and over.

## **9. BACKGROUND INFORMATION**

9.1 In April 2007 the Council commenced the “Highways Planned Maintenance and Improvements Contract 2007-12” (Contract No. 50069) with Ringway Infrastructure Services Limited. The contract was awarded following public advertisement, under the EU Procurement, and a competitive tender process. This contract is for a five year period ending 31<sup>st</sup> March 2012, but the Council has the option to extend the contract by a period of two years. Two contractors were appointed under this contract, “Ringway Infrastructure Services Ltd” and “VolkerHighways Crowley” formerly known as “John Crowley (Maidstone) Ltd”.

9.2 Eurovia Group Limited (formerly Ringway Group Limited) was the holding company for Ringway Infrastructure Services Ltd in April 2007 and continues to be the holding company. Ringway branded its various highways businesses under the title “Eurovia Infrastructure Limited” and this business is now responsible for delivering the Barnet Contracts. These changes have resulted in a request from Ringway Infrastructure Services Limited for a formal assignment of the contract. Eurovia Infrastructure Ltd is also wholly owned by Eurovia Group Limited.

9.3 Eurovia Group Limited will provide an unconditional parent company guarantee of the performance of the contract novated from Ringway Infrastructure Services Ltd to Eurovia Infrastructure Ltd, to replace the original parent company guarantee provided at contract award.

9.4 All aspects of the novated contract will remain identical to the current contract, save the identities of the contracting parties.

9.5 Novation is a two way legal agreement with the organisations involved being London Borough of Barnet and Eurovia Infrastructure Ltd.

9.6 The novation agreement would result in allowing “Eurovia Infrastructure Ltd” assuming the rights and obligations previously enjoyed and incurred by “Ringway Infrastructure Services Limited”. Ringway Infrastructure Services Limited would be released from its obligations to the Council under the contract. The Council would be able to enforce the contract against Eurovia Infrastructure Ltd.

## **10. LIST OF BACKGROUND PAPERS**

10.1 None

Legal – PD

CFO – MC