

Cabinet

7 April 2026

Gateway 1 Procurement Commencement: Medway Tunnel Lighting Upgrade

Portfolio Holder: Councillor Alex Paterson, Portfolio holder for Community Safety, Highways & Enforcement

Report from: Ruth Du-Lieu – Deputy Director of Place

Author: Adam Studniarz-Thring – Senior Engineer Tunnel, Structures and Drainage

Procurement Overview

Total Contract Value (estimated): £1,000,000

Regulated Procurement: No

Proposed Contract Term: 12 months with possible extension of 6 months.

Summary

This report seeks permission to commence the procurement of the Medway Tunnel Lighting Upgrade Contract.

1. Recommendation

1.1. The Cabinet is asked to agree to pursue the procurement of services of a contractor to procure and install the replacement LED lighting within Medway Tunnel bores as per the preferred option identified in paragraph 7.4.

2. Suggested reasons for decision

2.1. The Cabinet is requested to approve the tender for works associated with the Medway Tunnel, in accordance with the conditions attached to the Department for Transport (DfT) funding allocation. Specifically, the funding was granted on the basis that the tunnel's lighting infrastructure would be upgraded as part of the project.

2.2. This tender represents the initial phase of works aimed at delivering electricity savings, which are expected to support and justify the allocation of funding for the subsequent phase. Phase two will involve the full upgrade of the remaining lighting units to LED technology, along with the replacement of the tunnel's master control system.

3. Budget and Policy Framework

- 3.1. In line with the Programme Board reports outlining the proposed LED lighting upgrade, this initial phase is anticipated to deliver immediate and substantial energy cost savings, currently estimated at approximately £200,000. In addition to reduced energy consumption, the works will also generate operational efficiencies by minimising the need for light housing replacements and reducing the maintenance burden associated with over 1,200 fittings. The financial savings realised from this phase are intended to contribute directly towards funding the second phase, which will encompass the replacement of the remaining fluorescent and sodium (SON) lighting units, as well as the full renewal of the obsolete master control system.
- 3.2. The fluorescent tubes currently in use within the tunnel infrastructure are no longer being manufactured, following a government-mandated ban on their production due to the presence of mercury. As a result, procurement of replacement units is no longer possible, and maintenance operations are now reliant solely on existing stock.
- 3.3. Once the existing stock of replacement lighting components is exhausted, it will no longer be possible to maintain the required lighting levels within the Medway Tunnel. Inability to meet these standards would constitute a breach of the Minimum Operating Requirements, necessitating the full closure of the tunnel to vehicular traffic.

4. Background Information and Procurement Deliverables

4.1. Background Information

- 4.1.1. The design of LED light fittings enables more precise light distribution, allowing required illumination levels to be achieved with a reduced number of units. This efficiency not only lowers energy consumption but also offers operational advantages. As the tunnel infrastructure continues to age, structural repairs to the tunnel fabric will become increasingly necessary. A reduced number of ceiling-mounted fittings will facilitate improved access to tunnel joints and other critical areas, thereby supporting future maintenance activities.

4.2. Procurement Deliverables

- 4.2.1. To support the successful delivery of this procurement requirement, the key project outputs and outcomes outlined in the table below have been identified as critical success factors. These will be actively monitored and evaluated throughout the procurement project delivery process to ensure alignment with strategic objectives and compliance with performance expectations.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
Successful delivery of all capital works detailed in the specification	Success will be measured by the quality of each deliverable in the specification completed by the contractor. This will be qualified through the key performance indicators (KPIs) and qualitative assessments.	Adam Studniarz- Thring / Shaib Ahmed	Either at the end of Delivery or at the end of the contract expiry date whichever comes first.

5. Parent Company Guarantee/Performance Bond Required

- 5.1. The service seeks approval for a waiver of both the Parent Company Guarantee and the requirement for a Performance Bond in relation to this £1 million one-off contract. The nature of the contract is a fixed-price agreement for the supply and installation of equipment, with no ongoing maintenance obligations. Given the limited duration, defined scope, and absence of long-term risk exposure, the standard bonding provisions are considered disproportionate and not commercially necessary for this procurement.

6. Procurement Dependencies and Obligations

6.1. Project Dependency

6.1.1. This initiative is a standalone project funded through the Department for Transport (DfT) allocation granted in 2022, alongside other infrastructure improvement schemes such as the CCTV upgrade. A second phase of tunnel lighting enhancements is anticipated in 2028, subject to the availability of additional funding.

6.1.2. Not Applicable.

6.2. Statutory/Legal Obligations

6.2.1. This works is to ensure Medway Tunnel has the required lighting level as deemed detailed in BS5489-2:2016 and CS452.

6.3. Procurement Project Management

6.3.1. The management of this procurement process will be the responsibility of the Category Management team.

6.4. Post Procurement Contract Management

6.4.1. The management of any subsequent contract will be the responsibility of the Senior Engineer – Tunnel, Structures and Drainage.

6.4.2. To ensure the needs of the requirement are met and continuously fulfilled post award, the following KPIs that support the delivery of the project outcomes as outlined in 4.2.1 will be included in the tender and will form part of any subsequent contract.

NOTE: All contracts must have a minimum of 3 SMART KPIs

Title	Short Description	%/measurement criteria
Delivery of works specification	As per the specification all deliverables will need to be completed to sufficient quality and the quality of this delivery will be measured throughout the contract period.	[KPI Exceeded] >30% Target KPI: 25% - 30% Minor Failure: <25% - 15% Serious Failure: 15% - 10%
Engagement with client lead	The ability of the contractor to work with and assist the client lead acting on behalf of Medway Council. This is to ensure the desired outcome of the works proposed is achieved.	[KPI Exceeded] >30% Target KPI: 25% - 30% Minor Failure: <25% - 15% Serious Failure: 15% - 10%
Timekeeping and Project management skill	Sticking to the agreed programme of works will be a key performance indicator. Being able to effectively manage any delays and efficiently manage time will be	[KPI Exceeded] >30% Target KPI: 25% - 30% Minor Failure: <25% - 15%

Title	Short Description	%/measurement criteria
	recognised throughout the contract period.	Serious Failure: 15% - 10%

6.4.3. The KPIs as denoted within paragraph 6.4.2 will be monitored on a monthly basis. Those not performing will be reported to the next available Regeneration, Culture and Environment Departmental Management Team meeting for discussion and agreed remedial action.

7. Market Conditions and Procurement Approach

7.1. Market Conditions

7.1.1. Due to the relative complexity of the capital works proposed, it is anticipated that the market will be highly competitive for these works. This means an open market tender can attract an array of bidders to increase the chances of securing both a cost effective and quality contractor to deliver the first phase of capital works at Medway Tunnel. The winning contractor will not have a guaranteed right to future phases of works of the lighting scheme but dependent on cost, performance and availability of funding they may be presented with an opportunity to deliver future phases of the scheme. Only if deemed appropriate at a later date and compliant with Category Management procedures.

7.2. Procurement Options

7.2.1. The following is a detailed list of options considered and analysed for this report:

7.2.2. **Option 1 – Do nothing:** We are able to replace fluorescent tubes until our stock runs out. Once this happens we will be unable to maintain the required level of lighting in the tunnel, leading to eventual closure of Medway Tunnel as safety of the passing traffic cannot be assured.

7.2.3. **Option 2 – Extend the current contract:** There is no existing contract to deliver the works detailed in 4.1.1.

7.2.4. **Option 3 – Utilise a framework or existing contract to meet this need:** Instead of completing an open market tender the council could utilise the Highways HIC contract and go to term contractor to full fill the project. This may save time but the contractor does not have the resources to carry out this type of work and would sub-contract it out, on which we would have to pay the current 10.95% uplift.

7.2.5. **Option 4 – Competitive procurement:** This option would allow a fair competition to take place in the market and would give the council a broad opportunity to find a contractor that can deliver quality and cost-

effective works. The expected respondents are known to Senior Engineer as working in road tunnels is niche market where tunnel operators share experiences of companies, also the tunnel environment is not conducive to an office lighting company.

7.2.5.1. Open (single stage) Procedure: This procedure would be transparent and widely accessible.

7.2.5.2. Competitive Flexible (multi-stage) Procedure: This procedure allows for more flexibility to adapt to market conditions. This is helpful as this project has more complex needs, due to environmental constraints.

7.3. Contractual synergies

7.3.1. Not Applicable

7.4. Advice and analysis

7.4.1. It is recommended that option 4 along with Competitive Flexible procedure as the preferred option. This is due to the complexity of the works proposed and by going to an open market it offers the council the best chance of appealing to a wider market of contractors to increase the chances of finding an eligible contractor in terms of both quality and cost. There is also enough flexibility in the programme to complete a competitive procurement exercise, so it is worth the time to consider a wider array of options.

7.4.2. It is recommended that the contract length be a 12 month term with the option to extend for 6 months by mutual agreement.

7.5. Evaluation Criteria

7.5.1. A cost / quality / social value ratio of 35/60/5 is proposed to ensure that the quality requirements of each deliverable will be met. With a slightly higher focus on quality, it will favour contractors in the market that can meet the key performance indicator of quality of works. Cost will also remain high due to the constraints on budget and the need to maximise delivery for the scheme.

7.5.2. Officers propose to evaluate bidders against the following quality criteria within the tender.

	Question	Weighting (%)	Purpose
1	What experience do you have in delivering tunnel lighting? Please give 2 examples of previous capital works	30	To ensure the contractor has previous relative experience and can deliver the requirements of the specification.

	Question	Weighting (%)	Purpose
	delivered at a previous tunnel or tunnel like environment and how you met the key deliverables.		
2	Please describe the implementation of this project and the quality control measures you will take within this project to ensure all deliverables as per the specification are met to the desired quality of the client lead.	15	To ensure the contractor can deliver the works to the desired quality.
3	Do you and/or your company have the necessary skills and experience to complete the works? To support your answer, provide a statement including the professional qualifications of you and/or other members of staff/workforce within your company who will be responsible for providing the service and what their role will be in providing the service.	15	To ensure the contractor has the relevant qualifications and training to back up their claim that they can deliver the works proposed.

8. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Budget	The current DfT funding will cover the estimated cost.	The works will be phased and so this first phase of works has been designed specifically to work within the existing budget. Future phases will be determined by	CII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		future funding available so won't impact this first phase of works.	
Road Space	All works should take place during regular Tunnel maintenance closures. But due to other commitments, such as wall washing, other contractors will need access to the same road space.	Early planning discussions to explore extra tunnel closures where contractor can have sole use of road space.	BIII
Using existing frame work to support light fittings, ageing anchor points.	Using existing frame work will save money but the age of the points are approx. 28yrs old. There could be weak areas.	Anchor pull tests to be carried out to prove fixings are suitable.	CIII
Unable to keep lighting level during day.	When removing the light fittings, we still need to keep adequate lighting level for MOP when tunnel operating normally.	Only essential fittings to be removed for placement of new. Ensure new fittings working before removing subsequent fitting from that area.	BIII
Failure to clear work site.	Unable to finish current tasks before the tunnel needs to open to travelling public.	Strict work timing to be adhered to, ensure all equipment to be cleared in advance of reopening.	BIII

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

9. Consultation

- 9.1. This project is listed on the procurement board reports. Due to recent issues with the lighting that resulted in emergency closure while work was carried out, the urgency of the project has been brought forward.

10. Service Implications

10.1. Financial Implications

10.1.1. A total of £2 million in funding is currently available, originally earmarked to support maintenance activities during the 2027/2028 and potentially the 2028/2029 financial years. This allocation was intended to provide the Council with a buffer period to identify and implement a sustainable long-term maintenance funding strategy. However, due to the urgent need to commence the tunnel lighting upgrade; driven by regulatory, operational, and safety requirements, this funding must now be redirected to deliver the first phase of the lighting replacement programme.

10.1.2. The Department for Transport (DfT) tunnel funding is ring-fenced for projects that deliver upgrades and improvements to operational systems. Continued investment in the maintenance of aging and increasingly unreliable equipment is not financially sustainable and does not align with the intended use of the funding. Failure to implement necessary upgrades will compromise the tunnel's operational integrity and could ultimately result in its closure.

10.2. Legal Implications

10.2.1. This procurement activity will be below the works threshold and therefore a full above threshold tender notice will not be required.

10.2.2. The procedure gives a high degree of confidence that the council's primary objectives for procurement are met, as required by Contract Procedural Rules.

10.2.3. Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.

- 10.2.4. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 10.2.5. The process described in this report complies with the Procurement Act 2023, Procurement Regulations 2024 and Medway Council's Contract Procedure Rules.
- 10.2.6. This report has been presented as a medium-risk procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process.

10.3. TUPE Implications

- 10.3.1. Not Applicable

10.4. Procurement Implications

- 10.4.1. As per the Contract Procedure Rules: 'All requirements above £25,000.00 must be advertised on the Kent Business Portal and over £25,000.00 on the governments Central Platform.
- 10.4.2. The threshold value for maintenance & works (£500,000 inclusive of VAT), will be exceeded. Therefore, Category Management have agreed with the service area in light of the requirements, that a single stage Open Tender Process would be the best option.

10.5. ICT Implications

- 10.5.1. Not Applicable

10.6. Climate Change implications

- 10.6.1. There will be climate change implications as replacing the light fittings will reduce 735,152.88 kWh of electricity used. Current estimation is 152,231.05kg CO₂ annually, this is the equivalent of 1.2 million trips through Medway Tunnel or 6089 mature trees.

11. Social, Economic & Environmental Considerations

- 11.1. In line with Medway Council's Social Value Policy, officers will include the following standard outcomes and measures (the units have also been included for illustrative purposes) within the tender. Whilst there will be no commitment for bidders to deliver against every line, the accumulative value provided by each bidder will be scored and form part of the price evaluation score.
- 11.2. The Social Value commitment from the winning bidder will be transposed into contractual KPIs.

Outcomes	Measures	Standard Units
More local people in employment	No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter	No. people FTE
More local people in employment	Percentage of local employees (FTE) on contract	%
Improved skills	No. of staff hours spent on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (including preparation time)	No. staff hours
Improved skills	No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+	No. weeks
More opportunities for local MSMEs and VCSEs	Total amount (£) spent in LOCAL supply chain through the contract	£
More opportunities for local MSMEs and VCSEs	Meet the buyer' events held to highlight local supply chain opportunities	£ invested including staff time
Social Value embedded in the supply chain	Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required	%
Creating a healthier community	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children	£ invested including staff time
Carbon emissions are reduced	Savings in CO2 emissions on contract achieved through de-carbonisation (specify how these are to be achieved)	Tonnes CO2e

Outcomes	Measures	Standard Units
Sustainable Procurement is promoted	Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.)	% of contracts
Social innovation to create local skills and employment	Innovative measures to promote local skills and employment to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.	£ invested - including staff time and materials, equipment or other resources

Service Lead Officer Contact

Name: Adam Studniarz-Thring
Title: Senior Engineer Tunnel, Structures and Drainage
Department: R.C.E.T - Highways
Email: adam.studniarzthring@medway.gov.uk

Appendices

None

Background Papers

None