



Report to Transport, Environment and Climate Change Select Committee.

Date: 21st January 2021

Reference number: N/A

Title: Future Highways Services Update

Relevant councillor(s): Nick Naylor, Cabinet Member for Transport

Contact officer: Rob Smith

Author: David Farquhar

Ward(s) affected: All wards, as a council wide service

Purpose of report: This paper provides an update and the proposed way forward for this project and asks members;

- 1. To note the progress to date with regards the procurement of a new Highways Services Contract, in particular the increase in capacity of the Council's client team and progress relating to the transfer back in-house of the various teams, namely the communications team, the Customer Compliance Officers (CCOs), the Local Area Technicians (LATs) and the parking management team.**
- 2. To note the Governance arrangements and Programme which has been put in place to administer and deliver the procurement process.**

1.0 Executive summary

1.1 The current service is provided by Ringway Jacobs (RJ) and is delivered by approximately 220 staff, 5 of which are employed in managing the delivery of the off street parking service which is contracted separately to NSL. They also use a supply chain of providers to deliver the service.

1.2 The current contract was awarded to Ringway Jacobs in 2009. It is an 8 year contract with a possible extension of 7 years, 6 of which have already been granted.

1.3 The service is essentially outsourced, there is only a very small in house client team to commission work, administer the contract, check and challenge in terms of value for money and monitor the quality of work delivered.

1.4 It is a circa £45m per annum contract delivering all of the transportation and highways services, in terms of maintaining the highway.

1.5 Following a thorough analysis, the current model of delivery was not viewed as being the most appropriate to achieve the outcomes of the service or to contribute towards some of the key strategic objectives of the council.

1.6 The emerging proposals have been developed in discussion with the Cabinet member for Transport and the Member and Officer Reference Group.

1.7 A proposed new Client team structure has been developed and agreed and is shown in **Appendix 1**.

1.8 Governance arrangements have been put in place for the procurement exercise with representation as shown in **Appendix 2**.

1.9 A detailed programme with key dates and milestones has been developed and is shown as **Appendix 3**.

1.10 Recruitment to increase the capacity of the client team to better manage and direct the service as well as carry out the procurement exercise is progressing, and 3 of the new positions have already been recruited to and the new appointments commenced on 11th January 2021.

1.11 An exercise to transfer back into the Council a number of individuals/teams, comprising the Local Area Technicians (LATs), Customer Compliance Officers (CCOs), the communications team and the parking management team has also been carried out and the relevant staff successfully transferred back into the council on 1st January 2021.

1.12 In addition, further analysis has commenced on determining the new model, the type of contractual arrangements, the scope of the new contracts and also the duration which will best facilitate and deliver investment and delivery of the service in the future.

2.0 Background:

2.1 The Council's current contract for Highways Services was awarded to Ringway Jacobs in 2009. It is an 8 year contract with a possible extension of 7 years, 6 of which have already been granted. A decision not to grant the final year extension was taken in July 2020, and as such the contract will expire on 31st March 2023.

2.2 It is a circa £45m per annum contract delivering all of the transportation and highways services, in terms of maintaining the highway. The current service is provided by Ringway Jacobs (RJ) and is delivered by approximately 220 staff, 5 of which are employed in managing the delivery of the off street parking service which is contracted separately to NSL. They also use a supply chain of providers to deliver the service. The contract is managed by the existing client team.

2.3 The current scope of the contract includes the following services:

- Routine Maintenance including defect repairs, drainage, highway grass cutting (non-devolution areas), weed killing, signs and lines.
- Winter Maintenance including gritting
- Street Lighting Design and Maintenance Works
- Management of all Street works on the Highway
- Design and Delivery of the Capital Maintenance Programme (Resurfacing)
- Traffic Signals and Intelligent Traffic Systems
- Structures – maintenance and improvement works
- Network Safety
- Network Improvements, including some larger capital projects for the council
- Asset Management
- Local Area Technicians and Customer Compliance Officer (CCOs)
- Communications
- On Street Parking including management of the NSL Contract

2.4 The contract is a bespoke contract but based on the principles of the New Engineering Contract (NEC) 3 Option C. It is a target cost contract where payment is based on actual (defined cost) and if the project cost comes under the Task Order values then a sharing of the savings is made between both parties.

2.5 The contract is an open book contract with all costs visible to the client.

2.6 As the service is essentially outsourced, there is only a very small in house client team to commission work, administer the contract, check and challenge in terms of value for money and monitor the quality of work delivered. In 2013 a Buckinghamshire County Council Select Committee enquiry concluded that the 'in house' client had been significantly reduced since the contract was awarded to such an extent that it had insufficient capacity to effectively carry out the above functions and manage the contract effectively. Although additional resources were introduced, it is still one of the slimmest 'in house' clients across the country comprising 4 full time and 3 part time staff.

2.7 In addition to the above, and as previously stated, an element of the current outsourced model comprises the Parking Services, whereby the Council has a contract with NSL for their civil enforcement officers (CEO's) for 'on street' enforcement. The remainder of the service, including the management of the entire service, is carried out by the transport services

provider, Ringway Jacobs, (RJ) including the overall management of NSL. This NSL contract is due to finish in September 2021.

3.0 Issues and analysis.

3.1 With the Council now operating as a unitary council together with changes in the industry, it was agreed to alter the arrangements to better reflect and meet the needs of the new council. While it is anticipated that the scope of services within the remit will remain similar, it was proposed to significantly alter how the service will function.

3.2 In addition to the above and following the financial pressures and difficulties that have been experienced by some of the major providers in the sector, including the collapse of Carillion, having a single provider for all areas of the service is also seen as a concern that needs addressing.

3.3 Following a thorough analysis, the current model of delivery was not viewed as being the most appropriate to achieve the outcomes of the service or to contribute towards some of the key strategic objectives of the council. In addition to the above, the key limitations included:

- lack of client capacity to offer advice and guidance to elected members and key stakeholders including Town and Parish Councils, BIDs & Community Boards,
- working relationships and communication with the elected members, local councils and the local communities,
- the existing ability to demonstrate value for money,
- lack of client capacity to deal with requests made for small improvements to the network

3.4 An analysis of the various models that exist in the market was carried out and assessed to their appropriateness to deliver the strategic objectives of the Council and ensure that a fit for purpose, value for money service is delivered. Details of the proposed model are contained in this report and in **Appendix 4** in diagram format and **Appendix 5** in terms of detailed functionality.

3.5 Following this analysis and in consultation with the Cabinet Member, it is proposed to significantly alter the current arrangements and increase the size of the client team from the existing team of 4 full time and 3 part time staff to a team similar to the one shown in Appendix 1, with the size of the 'in house' team increased to ensure a greater influence or control of, setting strategic direction, shaping policy, overall delivery, managing of performance, etc.

3.6 This will enable the client team to firstly, facilitate the re-procurement of the highways services contract and thereafter, manage the contractual arrangements going forward and better influence and control the policy, levels of service, programmes of work and control of

the use and occupation of the highway network. It will also enable and facilitate improved working relationships and communication with the elected members, local councils and the wider community by transferring back in-house the Local Area Technicians (LATs), the Customer Compliance Officers (CCOs) and the communications team.

4.0 Analysis and proposed new operating model.

4.1 An analysis of the range of the different delivery models was carried out by an in-house team including the Cabinet Member for Transport and supported by industry experts and research.

4.2 Based on the analysis, the new contractual arrangements for the service is as shown in Figure 1 and as detailed below. This will provide the ability to both challenge and demonstrate quality and value for money, while maintaining resilience in delivering the service, in particular the winter service.

4.3 In addition, it is proposed that a similar range of activities, to those described above, will be included in any new contractual arrangements going forward. However, these would be delivered via a different set of contractual arrangements as detailed below. This model is believed to be the best option to not only address the issues and concerns of the current model but also deliver an efficient and effective service and meet all the requirements of the highway authority.

4.4 The new model would comprise:

- **An increased and enhanced in house team** as described above and as shown in Appendix 1. As stated previously the development of the in house team would both facilitate the procurement exercise, but thereafter have the capacity to effectively manage the contractual arrangements going forward and better influence and control the policy, levels of service, programmes and priorities of work and facilitate a better and closer working relationship with the elected members, local councils and the wider community.
- **A Principal Contractor.** The appointment of a principal contractor to deliver all of the routine maintenance, comprising patching, drainage, traffic signals etc. including street lighting but potentially also an element of the larger works, e.g. surfacing and minor works in order to give sufficient work load to support a workforce that has resilience to carry out winter and other emergency services.
- **4 year Frameworks.** The remainder of the larger works to be commissioned via a number of 4 year frameworks, which the principal contractor may be a member of as appropriate, along with up to a maximum of 3 others. Work would then be awarded based on a performance, quality and price basis. These frameworks would comprise functions and activities such as surfacing works, large drainage projects, footpath

improvements, junction and road improvements etc. The frameworks will promote value for money through cost analysis and also assessment of performance. In addition, having a range of service providers available to the council for different areas of the service, as opposed to a single provider, will give more assurance and resilience in delivery of service.

- **A Term Consultant.** It is proposed that a term consultant is appointed which not only supports and complements the maintenance activities, but also has the ability to support and assist with network safety, feasibility and preliminary design of major projects, not only within the highways service but across other parts of the council, in particular the planning and infrastructure services. They would also support the in-house client team, and provide specialisms and expertise as well as top up service in peak demands.
- Thereafter all parties would sign up to be part of an **alliance**. This would comprise all parties agreeing to share information and best practice, work together in a consistent and collaborative way to ensure efficient and effective delivery of service and operate as a single Buckinghamshire Highways team.

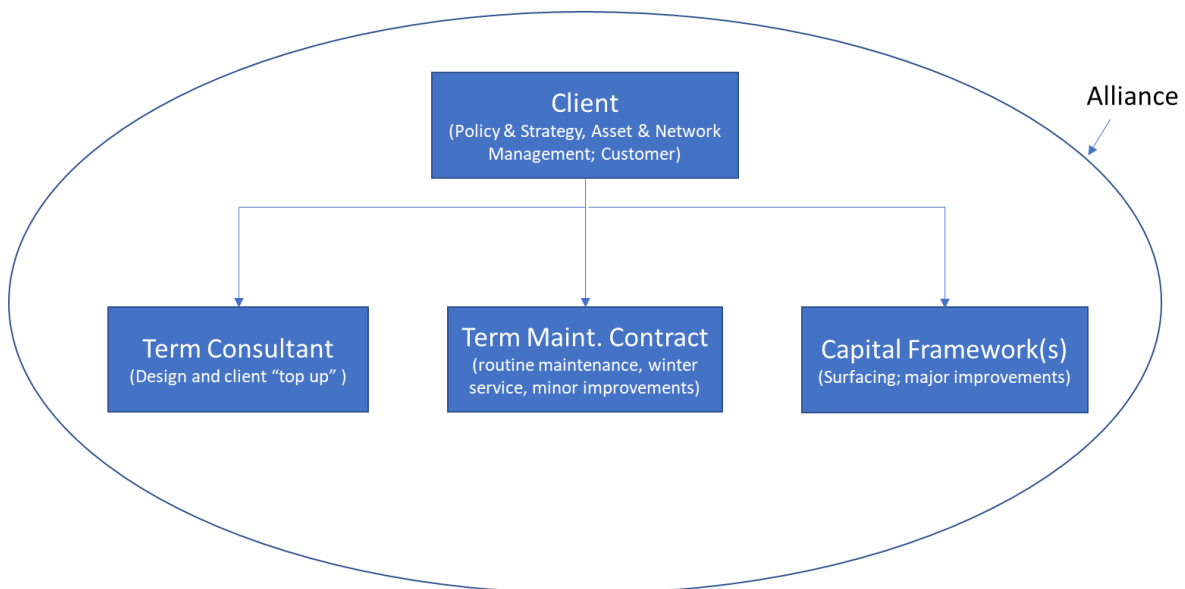


Figure 1

4.5 It is anticipated that the new model will improve on the existing contractual arrangements in a number of ways, not just the benefits that have been articulated in this report, but also drive a more competitive process for works to secure improved value for money as well as potential opportunities for investment and innovation which will deliver efficiencies that both offset any additional costs and deliver savings through transformation.

4.6 While the final details of the scope, duration and format have still to be finally determined, there are some elements that are bound by current legislation. For example, the frameworks are limited to a maximum duration of 4 years. However the term for the Principal Contractor and Term Consultant are not so prescriptive and differ considerably across the sector.

4.7 The current contract was for an initial 8 year duration with the option for up to 7, one year extensions. Other models that exist are for an initial period of 10 years with the potential for 2 five years extensions and various combinations in between. The common and accepted minimum level for any initial period is usually 7 or 8 years, based on attractiveness to the market. It is also based around a nominal period in which any provider would have in terms of payback for any investment in equipment and vehicles etc., based around reasonable lifespan.

4.8 Work on assessing and analysing the potential scope, type and duration of any new contractual arrangements have already commenced.

4.9 To assist with determining what and how any new arrangements will look like and function including the scope and content, a meeting with other service areas from across the council, who have either used the highways services contract in the past or may have call for using in the future, have been held.

5.0 Governance arrangements, programme and progress.

5.1 Governance arrangements together with membership of a Member and Officer Reference Group, chaired by the Cabinet member for Transport to oversee and set direction as well as ensuring the project has the appropriate level of member involvement and scrutiny has been established as shown in Appendix 2. A project team has also been formed with representatives from across the council, including, finance, HR, procurement, legal as well as highway officers.

5.2 A detailed programme with key dates and milestones has been developed and is attached as Appendix 3. Some of the key dates are as follows:

- Agree Procurement procedures for each contract – December 2020
- Issue Contract Notices - June 2021
- Tender Documents issued - August 2021
- Initial Tenders submitted - November 2021
- Negotiation period – December 2021 – February 2022

- Final Tenders submitted April 2022
- Select Preferred Bidders - June 2022
- Award of Contracts - August 2022
- Start of new Contractual arrangements - April 2023

5.3 One of key changes was to increase the client capacity in a number of areas and in particular around how the service interacts and communicates with the members, community boards, parish and town councils and the wider community and particularly in relation to the wider devolutionary offer. To this end, the successful TUPE transfer of the communications team, CCO's and LATs back into the employment of the council was completed on January 1st 2021. The Communications team are under the line management of the corporate communications team but embedded within the service, and the LATs and CCOs are under the direction of the Head of Service/Service Director.

5.4 Another agreed change was the development of a larger in house team which can both facilitate the procurement exercise, but thereafter have the capacity to effectively manage the contractual arrangements going forward and better influence and control the policy, levels of service, programmes and priorities of work and overall performance. New job descriptions were drafted, evaluated and advertised and 3 of the 5 identified positions have now been appointed to with the successful applicants taking up their positions on 11th January. A further recruitment process is currently being carried out for the remaining 2 positions.

5.5 The last part of the proposed future development of the Client team is the transfer back 'in house' of the network management, asset management and road safety teams. This will also involve a TUPE transfer of staff, from the existing service provider, and it is proposed that this would be best carried out towards the end of the current contractual arrangements, to be in place for the start of any new contractual arrangements in April 2023. This is a time when many changes are occurring including potentially other TUPE transfers between the current service provider and any potential new ones, and would provide some stability and safeguard standards of service delivery. These changes will allow the client to better influence and control the policy, levels of service, programmes of work and control of the use and occupation of the highway network.

5.6 In addition to the above, an element of the current outsourced model comprises the Parking Services, whereby the Council has a contract with NSL for their civil enforcement officers (CEOs) for 'on street' enforcement. The remainder of the service, including the management of the on-street parking service and NSL is carried out by the current transport services provider, Ringway Jacobs, (RJ). Following discussions with the Cabinet Member

Logistics who has a responsibility for Parking Services, it was decided to firstly, transfer back in to the council the existing parking management team from RJ. This process was carried out in conjunction with the TUPE transfer of the other teams from RJ and was also completed on 1st January 2021. It was also decided that when the current contract with NSL for on street civil enforcement is scheduled to finish in September 2021 that the individuals involved in this area of work will also transfer back into the Council. A further piece of work on how these elements for on-street parking services will be incorporated into the council along with the existing off-street parking teams has already commenced.

6.0 Member Engagement

6.1 In addition to the above and in order to better promote positive Member engagement and enable Members to better interact with the service, particularly at a local level, ward boundaries are to be based around the previous County Council divisions and, the following actions are proposed/have been carried out:

- The current Local Area Technician role will be refocused as the key Ward Member liaison point and the principal point of contact for Town and Parish Councils and other local stakeholders. To support this and ensure consistency a new programme of training and awareness for the LATs has been developed and is currently being implemented.
- The number of LATs will be increased from 14 to 16, to align with the Community Board areas. The associated increase in expenditure will be offset by savings realised through the Highways service review process which is currently underway.
- Monthly Member “surgeries” have been instigated with LATs for all ward Members in the Community Board areas (via MS Teams in the first instance because of COVID) to discuss key issues and communicate the progress with works programmes and service initiatives and the first of these have already been organised and held.
- The LATs will service Community Board sub-groups feeding into wider community/parishes and devolution agenda.
- LATs and CCO functions have been brought back in-house.
- Members will continue to be encouraged to “self-serve” using FixMyStreet and the Member’s portal and communication regarding these facilities will be increased
- An annual Stakeholder Conference on the Highways Service will be held for all Members and Town and Parish Councils to communicate key issues and take feedback on service standards etc.

6.2 In relation to the Community Boards, the LATs and CCOs, along with appropriate support and assistance from others within the service, will support and provide advice on

- General highways issues and works happening in the board area
- Small-scale safety and environmental schemes that the board feels are a priority
- Parking schemes

6.3 This would be as an initial point of contact and may need the LATs to then liaise with the relevant technical teams e.g. Network Safety, Parking etc. to respond further to the sub-group. The LAT would also then be responsible for the delivery of small-scale schemes that the board chooses to take forward.

6.4 In addition, the wider boards will receive two update meetings from Highways per year, on an area wide basis, with the boards split into three groups, ideally, one in autumn and one in spring. These would be attended by a relevant senior manager, area managers and CCOs and aim to give a general update on highways work, but also an opportunity for the parishes/town councils and Local Members to discuss more strategic issues concerning them. The first of these three meetings were held at the end of November and took place virtually, similar to the Stakeholder conference but with a better opportunity for live interaction and discussion.

7.0 Legal, Procurement, Financial and HR implications

7.1 The paper has been agreed with HR, Legal Services, Procurement and Finance Services.

7.2 In respect of Finance, the approved 2020/21 budget includes provision to enable the procurement exercise in line with the above recommendations. Additional funding of £190k in 2021/22 and 22/23 will be required to conclude the procurement process which will be recommended as part of the forthcoming MTFP process.

7.3 While the additional costs for the additional resources in year are able to be accommodated within the existing budget, the additional funding of £200k for 21/22 and £300k for 22/23 will be recommended as part of the MTFP process in order to fund the additional resources for the first stage in the creation of a larger client team. At the point of the start of the new contract this will be at least a 'net nil' position, as corresponding savings will be achieved as part of the new contract and again this will be reflected in the forthcoming MTFP.

7.4 Procurement, who are already involved in the project, have appointed additional and expert resources to give support and advice for the project as it progresses.

7.5 HR are also already involved with the project giving both support and advice, in particular the recruitment process as well as leading on the TUPE transfer process.

7.6 Legal Services have also provided support and advice and their involvement will invariably increase as the project progresses and the type of operating model is developed.

8.0 Corporate implications

8.1 Equality. An initial equalities impact assessment has been undertaken and will be kept under review and updated as appropriate.

8.2 Data. An initial data protection and security implication assessment has also been undertaken, to assist and inform the procurement process where necessary, and to ensure that any decisions take account of data security and GDPR requirements. These assessments will be kept under review and updated as and when required.

9.0 Consultation and communication

9.1 Consultation has begun with other service areas, in addition to those intimated above and any subsequent consultation and communication with relevant bodies, committees and boards will be included and taken account of as the project progresses through the various stages.

9.2 Several meetings have also been held with our neighbouring councils who are also due to go to market in the near future.

10.0 Next steps and review

10.1 It is proposed to continue with delivering the proposed programme as provided in Appendix 3. In addition regular updates both via the Member and Officer Reference Group as identified in Appendix 2, and also to Cabinet as appropriate.

