



Report to Transport, Environment and Climate Change Select Committee.

Date: 16th September 2021

Reference number: N/A

Title: Highways Services Procurement Update

Relevant councillor(s): Steve Broadbent, Cabinet Member for Transport

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

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

- 1. To note the proposed new Operating Model for the Council's Highways Service and in particular the on-going development of the Council's client team.**
- 2. To note the progress to date with regards the procurement of a new Highways Services Contract,**

1.0 Executive summary

1.1 The Council's current Highways service is provided under a fully integrated arrangement by Ringway Jacobs (RJ) and is delivered by approximately 220 staff. RJ also use a supply chain of providers to deliver the service.

1.2 The contract was awarded to RJ in 2009 and is an 8-year contract with a possible extension of 7 years, 6 of which have been granted. A decision was taken by the Council in

July 2020 not to award the final 7th year, which means the current contract finishes on 31st March 2023.

1.3 The current service is essentially outsourced, and up till very recently, there was 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 and options appraisal, 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 A new operating model was developed as shown in **Appendix 1**, and as explained more in this report.

1.7 In addition and as part of this new operating model a new Client team structure has been developed to increase the capacity to better manage and direct the service as well as carry out the procurement exercise and is shown in **Appendix 2**.

1.8 Development and recruitment has already commenced, and the majority of the new positions have now been filled. In addition, the successful transfer back into the Council of the Local Area Technicians (LATs), Customer Compliance Officers (CCOs), the communications team and the parking management team was carried out on 1st January 2021.

1.9 The final stages of the development of the Client team, comprising the transfer of the Asset Management, Network Management, Network Safety, Inspectors and some capacity to carryout minor design is scheduled to happen during 2022 and towards the end of the current contractual arrangements.

1.10 In addition, a Project Team has been assembled to procure the new set of contractual arrangements, including determining the scope, specification, etc. and duration, to best facilitate and deliver investment and delivery of the service in the future.

1.11 A detailed programme with key dates and milestones and showing progress is shown as **Appendix 3** and in more detail within this report.

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 was 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 was still one of the slimmest 'in house' clients across the country comprising 4 full time and 3 part time staff.

2.7 In January 2021, the client team was further expanded with the transfer back in house of the Local Area Technicians (LATs), the Customer Compliance Officers (CCOs) and the communications team. Appointments to 5 new positions within the proposed new Client team, as highlighted and shown in **Appendix 2** have also been made, as part of the phased approach to increasing the capacity of the client team.

2.8 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 overall 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 suppliers in the sector, including the collapse of Carillion, having a single provider for all areas of the service was also seen as a risk that needed 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 achieve and demonstrate value for money,
- delivering effective and efficient services to meet the needs of the community,
- 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 Buckinghamshire Council and ensure that ultimately a fit for purpose, value for money service is delivered. Details of the proposed model are contained in this report.

3.5 It was proposed to significantly alter the current arrangements and increase the size of the client team from the previous team of 4 full time and 3 part time staff to the team shown in **Appendix 2** through a phased approach. This enables 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.

3.6 The first phases of increasing the capacity of the Client team have already been undertaken with the transfer back in house of the Local Area Technicians (LATs), the Customer Compliance Officers (CCOs) and the communications team completed in January 2021. In addition, several new key positions in the team have been appointed.

3.7 The final phase of the proposed future development of the Client team is the transfer back in house of the Asset Management, Network Management and Network Safety teams, in addition with the Inspectors and some capacity to carryout minor design. This is scheduled to happen during 2022 and towards the end of the current contractual arrangements. This will involve a TUPE transfer of staff from the existing service provider. It is proposed to carry this out prior to the new contractual arrangements commencing in April 2023, to provide some stability and safeguard standards of service delivery throughout the transition period, when many other changes are occurring including potentially other TUPE transfers between the current service provider and any potential new providers.

3.8 The above 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.

4.0 New operating model.

4.1 The analysis of the range of the different delivery models was carried out during May 2020 by an in-house team including the previous Cabinet Member for Transport, Councillor Nick Naylor, and supported by industry experts and research.

4.2 The new operating model as shown in **Appendix 1** and in Figure 1 below was agreed at Cabinet on 2nd March 2021. For completeness, **Appendix 1** also shows the previous model and proposed model by function to give some context to the changes being proposed. 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 While a similar range of activities to those described above will still be delivered, they will be carried out via new 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 comprises:

- **An increased and enhanced in house team** as described above and as shown in **Appendix 2**.
- **A Principal Contractor.** The appointment of a principal contractor to deliver all routine maintenance on the network, comprising small scale and localised pothole repairs and patching, gulley cleaning and drainage maintenance, cyclical grass cutting and verge maintenance, maintenance of traffic signals, signs and lines, bridges, structures, footpaths, and street lighting, with sufficient workload to support a workforce that has resilience to carry out winter maintenance and other emergency services. This contract will be based on the NEC 4 suite of contracts and adopt a schedule of rates approach.
- **4-year Frameworks.** The remainder of the larger works will be commissioned via two 4-year frameworks, the first comprising three lots as shown in Figure 1. Work would 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 on a schedule of rates and with an option for Target Cost approach for small and larger projects. This will promote value for money through cost analysis and 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.** The appointment of a term consultant 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. The TCC will similarly adopt a schedule of rate approach based on hourly contractual rates.
- 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.



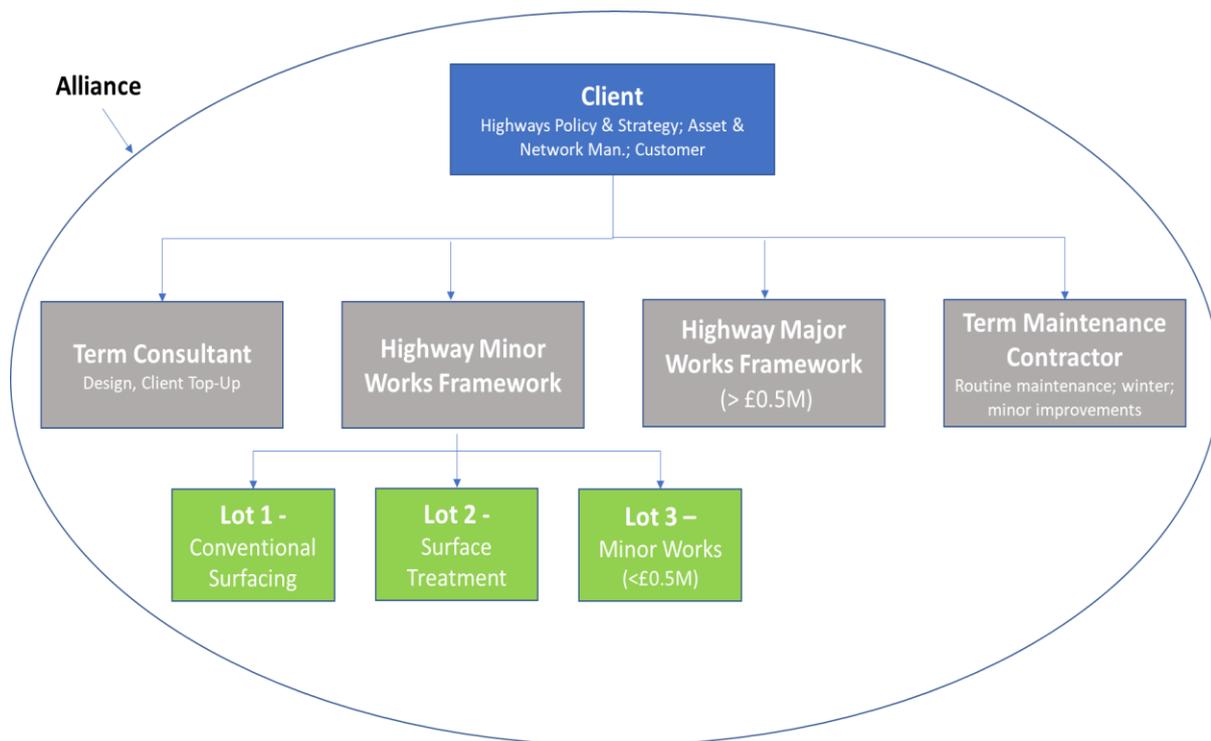


Figure 1

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 be able to promote and demonstrate value for money (VFM) and quality through a number of measures,

- a client team who has the expertise and capacity to be able to both challenge and check value and quality,
- mini competition via the frameworks and thereafter comparison against the term maintenance contractor,
- market tested and transparent schedule of rates,
- a term contractor and consultant who work under a clear client brief,
- contract mechanisms which both incentivise right first time and have the ability to ensure appropriate remediation at no extra cost to the Council,
- provide potential opportunities for investment and innovation which will deliver efficiencies that both offset any additional costs and deliver savings through transformation.

4.6 In addition, the contractual arrangements will have clearly defined specifications, conditions and a range of performance indicators in which to measure performance and quality against. They will also have terms and conditions attached which will give guidance and direction on issues of dispute resolution, if such matters should arise.

4.7 The agreed contract duration for both the TMC and the TCC will be 8 years with the opportunity to award 2 number 2-years extensions. These extensions would be subject to a qualification criterion, which will not only incentivise services providers to deliver a good

quality and efficient service, but also promote continual improvement. There will be two levels of performance, a minimum which is expected to be met and a desirable which, while challenging, should also be attainable.

4.8 Subject to the relevant criteria being met/achieved then it would be proposed that a review be carried out by officers with a recommendation by the Head of Service/Service Director for a Key decision by the Leader or Cabinet Member (if delegated) to approve the award of any extension.

4.8 For the Frameworks, the current Public Contracts Regulations 2015, limit the duration to a maximum of 4 years, and while they can be for a shorter period, it was agreed that we should adopt this timescale.

4.9 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 was carried out by Ringway Jacobs, (RJ). Following discussions with the cabinet member for Parking Services at the time, it was decided to transfer back into 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.

4.10 It was also decided that, when the current contract with NSL for on-street civil enforcement which is scheduled to finish in September 2021, 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 is being progressed and is part of a separate workstream.

5.0 Governance arrangements, Procurement, Programme and progress.

5.1 To carry out the procurement of these new contractual arrangements a project team was established with representatives from across the council, including, Finance, HR, Procurement, Legal as well as Highway Officers.

5.2 A Project Board comprising senior officers from Finance, Legal, Procurement, HR, IT and Communications was also established and is reported to monthly to seek their views and comments on the various matters and getting agreement and sign offs as appropriate.

5.3 In addition, a Member Reference Group, chaired by the previous Cabinet Member for Transport, Councillor Nick Naylor was established in November 2020, before being disbanded in March 2021. This has now been replaced by a Member Task and Finish Group who will contribute to and challenge the process as well as ensuring the project has the

appropriate level of member involvement and scrutiny. It is chaired by the Cabinet Member for Transport, Councillor Steve Broadbent.

5.4 The procurement exercise is one of the largest that the Council carries out and a phased approach to cater for the demands placed upon officers has been adopted.

5.5 The project is on schedule and the first contractual documentation, the initial Selection Questionnaire for the Term Maintenance Contract (TMC) was issued to the market on 10th August and is due to be returned on 13th September. Some of the other key dates are as follows:

- Initial Selection Questionnaire documents for the Term Consultancy Contract (TCC) issued October 2021, returned November 2021
- Initial Tenders for TMC issued October 2021, returned December 2021
- Negotiation period for TMC, January 2022 – February 2022
- Initial Tenders for TCC issued January 2022, returned February 2022
- Final Tenders for TMC issued January and returned April 2022
- Issue of Initial documentation for the Frameworks April 2022
- Negotiation period for TCC, March 2022, returned April 2022
- Final Tenders for TCC issued April 2022, returned May 2022
- Select Preferred Bidders for both TMC and TCC June 2022
- Award of Contracts - August/September 2022
- Start of new Contractual arrangements - April 2023

5.4 A detailed programme with key dates and milestones is attached as **Appendix 3**.

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 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 have been increased from 14 to 16, to align with the Community Board areas. Any 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.
- The LATs will service Community Board sub-groups feeding into wider community/parishes and devolution agenda.
- We are continuing to encourage Members to “self-serve” using FixMyStreet and the Member’s portal.
- 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 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

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, 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.

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 2021/22 budget includes provision to enable the procurement exercise in line with the above recommendations. Additional funding of £190k

in 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 are able to be accommodated within the existing budget, additional funding of £300k for 22/23 has been 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 in April 2023, 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 heavily involved in the project, have appointed additional and expert resources to give support and advice for the project, and these costs are catered for within the project budget.

7.5 HR are also 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 again have appointed additional and expert external resources to give support and advice, Equally, these costs have also been allowed for within the project budget.

8.0 Corporate implications

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

8.2 Data. An initial data protection and security implication assessment was also 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 are kept under review and updated as and when required.

9.0 Consultation and communication

9.1 There has been consultation 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 it in the future and their feedback has and is being used to assist in shaping the scope and content of the contracts.

9.2 Officers continue to be in contact with other highways authorities from across the country and have regular meetings with neighbouring councils to glean and share information.

9.3 Previously a Member Reference Group comprising five elected members, including the Cabinet Member for Transport, was established and monthly meetings were held where their input and comments were sought on the various subjects. This Member Reference

Group has now been replaced with a new Member Task and Finish Group, chaired by the Cabinet Member for Transportation.

10.0 Next steps and review

10.1 It is proposed to continue with delivering the proposed programme as provided in **Appendix 3**.

