

Central Bedfordshire Council

EXECUTIVE MEETING: 14 October 2014

Highways Contract Renewal Project: Authorisation to Proceed

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Key Decision

Purpose of this report

1. The current CBC Highways contract ends on 31 March 2016. The Council is therefore in the process of procuring a new contract that reflects the current priorities of CBC, with flexibility incorporated for a changing environment. This work includes a review of the most appropriate contract type and packaging of all Highways services. This report seeks the relevant authorisations required to proceed with the procurement exercise.

RECOMMENDATIONS

The Executive is asked to:-

1. **approve TMC+ as a contract model for the Council from 2016-2023;**
2. **approve a nominal seven year contract term, with a maximum extension period of a further seven years;**
3. **approve the continuation of as Assets Management approach and approve the preparation of a new Highways Asset management Plan; and**
4. **approve the Network Maintenance Management Plan and the Road Safety Strategy Targets to be utilised for the purposes of procuring the highways contract (Appendices A and B).**

Overview and Scrutiny Committee

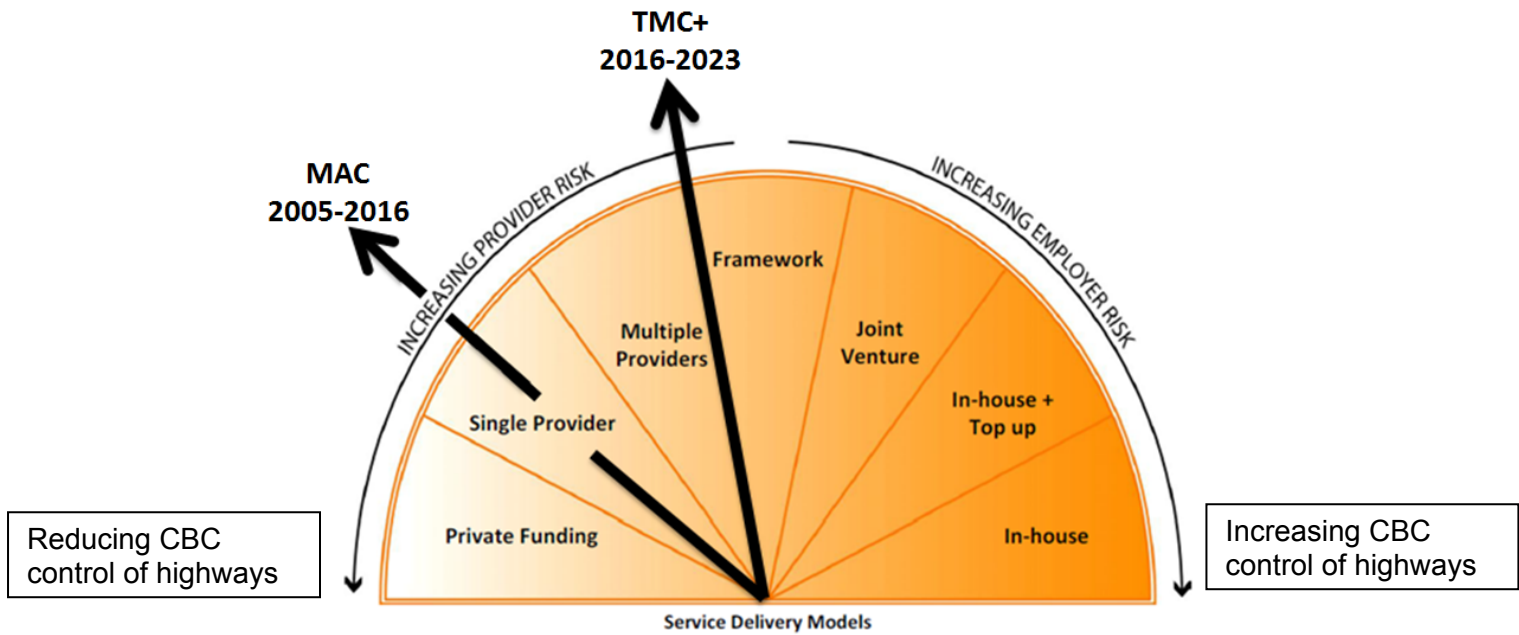
2. The Sustainable Communities Overview and Scrutiny Committee at its meeting held on 18 September 2014 recommended to Executive to:-
 - (i) approve TMC+ as a contract model for the Council from 2016-2023;
 - (ii) approve a nominal seven year contract term, with a maximum extension period of a further seven years;
 - (iii) approve the continuation of an Assets Management approach and approve the preparation of a new Highways Asset Management Plan; and
 - (iv) approve the Network Maintenance Management Plan and the Road Safety Strategy Targets to be utilised for the purposes of procuring the highways contract (Appendices A and B).

Highways Contract Type

3. In seeking a new type of contract the Council aims to have greater control and influence about what will happen on the highway network resulting in a positive impact on quality control and customer satisfaction.
4. The Council's current highways contract is a Managing Agent Contract (MAC) delivered by Amey. In preparation for procuring a new contract for the delivery of highways services from 1 April 2016, officers considered a range of contracting models including; Term Maintenance Contracts, Managing Agent Contracts, Private Finance Initiatives and full delivery in-house.
5. Officers determined a Term Maintenance Contract Plus (TMC+) would be most suited to meet the Council's priorities moving forward because a TMC+ will enable the Council to retain the benefits of a single provider whilst increasing control of the highway network and raising the profile of the Council as the organisation responsible for highways. The plus covers any design services undertaken by the new provider, a traditional TMC just covers the works elements. A TMC+ requires a larger client team thereby enabling them to challenge the provider, improve the customer experience and undertake asset management.
6. A TMC+ differs from a MAC, in that the Council takes on a more prescriptive role with increased monitoring. Consequently a limited number of staff will be brought in-house to facilitate this.
7. It is anticipated that a TMC+ will reduce unit costs, improve the quality of services and increase control over services delivered, enabling the Council better to respond to our customers.

8. Officers' conducted significant consultation with potential contractors and other interested groups that suggested a seven year contract term best matches the investment cycle of service providers and therefore provides the correct level of incentive and is likely to prove best value for money. The Executive is therefore asked approve TMC + as a contract model for the Council from 2016 with a contract term of seven years with a maximum seven years extension.

Figure 1: Moving from a MAC to TMC+



Implications of moving from a MAC to TMC+

9. Under a TMC+ the Council will have greater control of the services provided by the contractor. As a result, the Council (the employer) accepts some additional risks thereby enabling the contractor (the provider) to offer their keenest price.
10. The current MAC requires very few CBC staff (5 FTE) to oversee the contract delivery. A TMC+ will allow greater control over the Contractor, and therefore requires a larger complement of CBC staff with particular skillsets relating, for example, to the management of streetworks, noticing and streetlighting as well as to analysis, quantity surveying asset management and audit.
11. The Council should not incur additional costs by bringing some service functions back in-house as the budget for these functions is currently part of the MAC and will be transferred to the Council to fund an increased CBC staff complement in 2016.

12. The CBC staff who will deliver highways services will be co-located with the TMC+ Contractor's staff.

Highways Asset Management Plan

13. Asset Management, as a principle, allows a Local Authority to target its maintenance activities efficiently. It enables a Local Authority to demonstrate precisely why it has chosen to work on the highway, where, how much and when. It also brings a greater understanding of the type and condition of roads to be worked upon, which is helpful in informing council initiatives to improve the network.
14. Asset Management is an empirical methodology which depends on gathering information about the asset type, age, condition and residual life. Asset management principles can be applied to all highway assets, for example carriageway, footway, bridges, streetlighting, signals or pedestrian crossings.
15. Asset Management enables targeted maintenance to avoid more expensive replacement costs. This is commonly referred-to as "preventative maintenance" and can be compared to the difference between servicing one's car or allowing it to break down, and being more expensive to fix as a result.
16. In readiness for the new contract, the council needs to formalise its own Highways Assets Management Plan (HAMP) This is a continuation of the approach under the existing contract which has led to Central Bedfordshire having one of the best highways network in the country.
17. The HAMP will enable the Council to have greater control of highways services, and determine where resources are spent rather than to outsource such decision-making, as has been the case under the MAC. The implementation of the HAMP will require additional staff, training, software tools and data collection/validation methods. However, the Council should not incur additional costs by developing and implementing a HAMP as the budget for this function is currently part of the MAC and will be transferred to the Council under a TMC+.
18. The Council will use all relevant Highways Maintenance Efficiency Programme (HMEP) products to prepare a HAMP. HMEP is a Government initiative to improve efficiency in the sector.
19. The continuation of Asset Management principles, via a HAMP, will help support council spending on highways by demonstrating greater value for money. Furthermore, the Government has indicated that Asset Management may become a requirement upon LAs, and future budget awards from and bids to DfT could become dependent upon the degree to which it is embedded.

20. The Executive is asked to approve the continuation of an Asset Management approach, approve the preparation of a CBC HAMP.

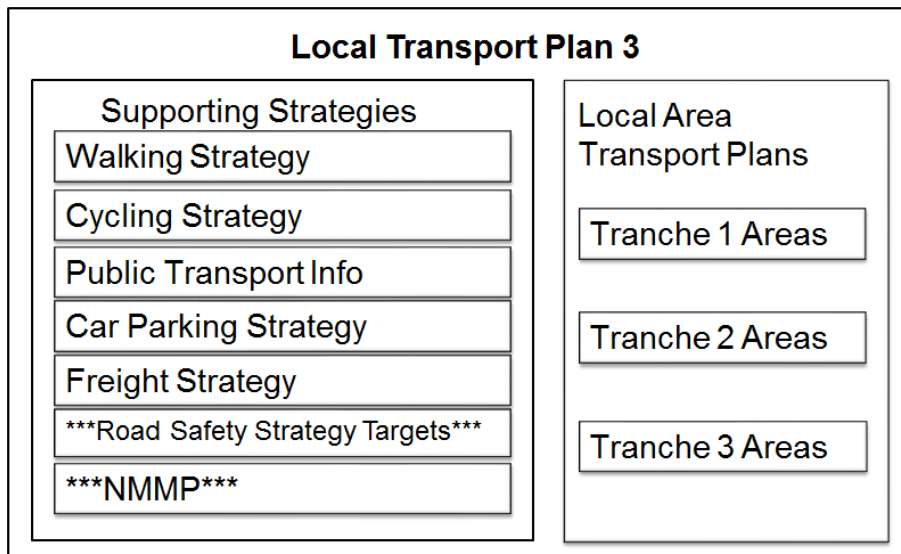
Network Maintenance Management Plan (NMMP)

21. The draft Network Maintenance Management Plan (NMMP) (Appendix A) sets out how the Council upholds its statutory duty to maintain public highway. The NMMP is a supporting strategy within the Local Transport Plan (See Figure 2). The NMMP describes the Council's policies with respect to highway inspection regime, intervention criteria and maintenance activities for each of its highway assets. It is the document on which the supply chain bases calculation for its plant, labour and materials.
22. The existing NMMP was approved in 2005. In order to let a new contract a new NMMP is required. The NMMP does not change the highway maintenance service currently delivered by the MAC. The NMMP should be reviewed on an annual basis to reflect changes in national guidance.
23. The Executive is asked to approve the NMMP (Appendix A) for the purposes of supporting the Highways Contract Renewal Project.

Road Safety Strategy (RSS)

24. The legacy Road Safety Strategy (RSS) was adopted as a supporting strategy of the Local Transport Plan (See Figure 2). The targets within the RSS ended in 2010, therefore; it is necessary to update the RSS targets in order to answer tender enquiries for the new highways contract.
25. The updated Road Safety Strategy Targets (Appendix B) set out the Council's standpoint with respect to road safety objectives and targets. The RSS is high level and reflects current industry and Government guidance.
26. The Executive is asked to approve the updated Road Safety Strategy Targets (Appendix B) for the purposes of supporting the Highways Contract Renewal Project

Figure 2: Highways Strategies and Plans



*** = updated documents

Reasons for decision

27. This decision is necessary in order to provide the Highways Contract Renewal Project authorisation to proceed to the next delivery stage of the project; the procurement exercise.

Risk Management

28. The following risks have been identified should a contract for the delivery of highways services from 2016 onwards not be operational by 1 April 2016:
- Failure to discharge statutory responsibilities for highways service delivery
 - Reputational risks associated with the failure to deliver highways services
 - Financial risks associated with failure to deliver highways services
 - Legal challenge resulting from failure to deliver services

These risks have been identified and appropriate mitigation action will be taken.

Council Priorities

29. The Highways Contract Renewal Project aims to procure a new contract that reflects the current priorities of CBC, with flexibility incorporated for a changing environment. The project supports the better infrastructure priority by facilitating the improvement of highways services across Central Bedfordshire.

Corporate Implications

Legal Implications

30. As the local highway authority Central Bedfordshire Council is responsible for the maintenance and improvement of the public highways within its administrative area under the Highways Act 1980.
31. Central Bedfordshire Council will need to comply with the EU procurement regime and in particular the Public Contracts Regulations 2006 (as amended) and legal advice will be provided throughout the procurement process.

Financial Implications

32. For 2014/15 the budget for the highways contract totalled approximately £21m split over revenue and capital of which 30% is Government grant funded. The expectation of the Council is that the new highways contract will provide efficiencies.

Equalities Implications

33. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council's procurement processes ensure that due regard is given to the requirements of equality legislation when contracts are being drawn up and awarded.

Public Health

34. The delivery of effective, high quality, highways services will promote sustainable modes of travel which in turn will have a positive impact on the health and wellbeing of residents within Central Bedfordshire

Community Safety

35. The Council has a statutory duty under Section 17 of the Crime and Disorder Act 1998 to do all that it reasonably can to reduce crime and disorder in its area. The delivery of effective, high quality, highways services will support community safety initiatives through the delivery of street lighting and supporting CCTV.

Sustainability

36. The delivery of effective, high quality, highways services will contribute to safe, supportive, clean and diverse environments for living, recreation and working. The new highways contract will include mechanisms to ensure on-going improvement in environmental performance

Procurement

37. The procurement of the Highways Term Maintenance Contract Plus to deliver highways services from 1 April 2016 will be conducted in accordance with national and European procurement regulations and in line with the procurement policy of Central Bedfordshire Council.

Next Steps

Event	Date
Procurement Process	December 2014- September 2015
Mobilisation	October 2015- March 2016
Contract Start Date	1 April 2016

Appendices

- Appendix A – Network Maintenance Management Plan
Appendix B – Road Safety Strategy Targets

Background Papers (Open to public inspection)

The UK Roads Liaison Group Codes of Practice can be accessed at:
<http://www.ukroadsliaisongroup.org/en/guidance/codes-of-practice.cfm>