

**BRISTOL CITY COUNCIL**

**Place Scrutiny Commission**

**5 February 2015**

**Report of:** Peter Mann, Service Director, Transport

**Title:** Transport Service Highway Maintenance Contracts

**Ward:** Citywide

**Officer Presenting Report:** John Roy, Group Manager Transport Assets

**Contact Telephone Number:** 0117 922 3118

**RECOMMENDATION**

Seek support from Place Scrutiny for the approach being undertaken in evaluating a new highway maintenance contract model. Officers welcome the views of Place Scrutiny as to what outcomes a new contract should deliver for the residents, businesses and visitors to Bristol.

**Summary**

The Transport Service is reviewing the delivery model of its existing portfolio of highway maintenance contracts with the aim of implementing a new contract model for April 2017. Consideration is being given to a range of possible options and aligning with industry best practice as advocated by Department for Transport's Highways Maintenance Efficiency Programme.

**The significant issues in the report are:**

- Ensure that our contracts align with industry best practice, as detailed in the Department for Transport Highways Maintenance Efficiency Programme where appropriate in order to ensure value for money and efficient delivery;
- Explore opportunities to work collaboratively with other authorities both within West of England and more widely.

## **Policy**

1. Bristol City Council has a statutory duty under the Highways Act 1980 to ensure that the highways within its boundary are safe and fit for use by the public.

## **Consultation**

2. **Internal**  
Transport Service
3. **External**  
Soft market testing  
Core cities consultation  
Highways Maintenance Efficiency Strategic Peer Review

## **Context**

4. The Transport Service, within the Place Directorate, is responsible for ensuring that highway infrastructure in Bristol is maintained and is serviceable for the public, businesses and visitors to Bristol. In simple terms we do this by a regime of inspections, planned and reactive works. The highways infrastructure within the city comprises the following;
  - 1,120km of carriageway;
  - 1,953km of footway;
  - 320 traffic signals and similar installations;
  - 1,149 real time passenger information systems;
  - 35,301 lighting columns;
  - 1,200 bollards;
  - 5,547 signs;
  - 330 bridges;
  - 582 retaining walls;
  - 40,000 highway gullies.
5. A portfolio of 20 existing contracts delivers both our planned and reactive highway maintenance works as well as new capital transport works in the city. A list of the current portfolio of contracts is detailed in Appendix A. Many of these existing contracts have different end dates and Officers have identified April 2017 as the appropriate date to implement a new contract model. The existing portfolio of contracts has developed empirically over a number of years with the majority of the existing providers being either small or medium enterprise companies who are locally based. There is no one current model for all of these contracts.

## **Proposal**

### Contract Model

- 6.** There are a range of different contract models that Officers are considering and could include the following;
  - 6.1.** Contract with one provider. This would mean a single supplier would run all of the contracts. In this case it is more likely that this would be a large national company rather than a small or medium enterprise;
  - 6.2.** Smaller number of contracts rationalized according to technicality or size. This model should provide greater opportunity for small and medium sized enterprises to bid for work. The possible negative impact is that it would mean the Council would have to deal with a larger number of providers with the ensuing overheads.
- 7.** The model in point 6.2 above is effectively the model that currently exists. Lots 1- 6, see Appendix A for reference to contract list, was retendered in 2013. The original contract was a single supplier model and is now a framework, with number of small and medium sized suppliers, which has delivered improvements in the performance of service delivery for Bristol its residents, businesses and visitors. It is important that any new contract model delivers the same improvements in performance.

### Soft market testing with suppliers and benchmarking with Core Cities

- 8.** Officers have carried out soft marketing with a sample of suppliers and a benchmarking exercise with other Core Cities. The conclusion of the soft marketing was that options detailed above in 6.1- 6.2 would be attractive to suppliers. Suppliers were also pleased to be engaged in discussions at this early stage. Officers are planning to hold a Supplier Days with the market in due course to explain the services we are seeking to procure and help inform the outcomes for a new contract model. This reflects the Highway Maintenance Efficiency Programme (HMEP) guidance, see section 9 below, which advocates early engagement with the supply chain. In terms of the benchmarking exercise there is no one consistent model for highway maintenance contract procurement.

### Highways Maintenance Efficiency Programme (HMEP)

- 9.** The Department for Transport (Dft) have looked very closely at the national model for delivery of highway contracts through HMEP and have offered guidance to local Authorities. Details of their guidance can be found at <http://www.highwayefficiency.org.uk/> but simply can be summarized into the following four categories as follows;

- Strategic Peer Review (SPR);
- Asset Management ;
- Collaboration and Change;
- Procurement, Contracting and Standardisation.

### Strategic Peer Review (SPR)

**10.** A SPR was carried out in Bristol City Council in March 2014 with the follow up review meeting occurring in September 2014. The main findings of the original SPR were as follows;

- 10.1.** Do not rush into radical change of contract arrangements and when designing a strategy fully consider priority outcomes, client capability, and ownership or risk;
- 10.2.** Need to procure an Asset Management System to better understand our assets and develop long term rolling work programmes;
- 10.3.** Fully develop potential for collaboration with partners.
- 10.4.** There is more to do to develop performance management and to understand current and potential for value for money.

**11.** When the SPR term returned in September 2014 to review progress their general comment was that good progress had been made at both a political and corporate level. There had been a discernible increase in energy and drive on the back of the arrival of the new Strategic Director for Place. The progress made in the Asset Management 'journey' was potentially a "corporate thought leader but there was a need to be mindful of the pace at which this needs to progress".

### New contract arrangements, priority outcomes, client capability and ownership of risk.

**11.1.** Officers are working towards the delivery of a new contract model which would commence in April 2017. At this time no decision has been made with respect to the type of contract arrangement. This will be informed by what outcomes such a contract has to deliver and how the apportionment of risk is applied between client and supplier(s). Officers welcome the views of Scrutiny regarding these criteria to inform our evaluation of contract options. The procurement process for a new contract model will take 18 months so in order that we meet a deadline of April 2017 we would welcome Scrutiny views by June/July 2015. This new contract model will exclude Traffic Signals the reason being that the contract is a shared contract with South Gloucestershire, North Somerset and Bath & North East Somerset Councils.

## Asset Management

**12.** The Change Board gave authorisation in December 2014 for the procurement of an Asset Management System. Officers are currently working with the service provider, colleagues within ICT and the Project Management Office to have this system operational for April 2015. Officers will then be able to begin life cycle modelling during the summer and autumn of 2015 for all of our highway assets. This in turn will then inform our future long term maintenance priorities, identify long term rolling work programmes and priority outcomes for the new contract model. It should be noted that the Department for Transport (Dft) have introduced a new funding mechanism for Local Authorities to commence in April 2015. The Dft have given Local Authorities confirmation of the Highways Capital Maintenance Allocations they will receive for the period 2015-2021 being a move away from annual cycles of funding.

## Collaboration and Change

**13.** Bristol City Council is a member of the South West Highways Alliance, see link <http://www.sw-ha.uk/about.html> for further information, which covers authorities from Gloucestershire to Cornwall. Officers are working collaboratively with other Local Authorities within this alliance, where appropriate, to deliver savings and efficiencies in procurement. To date this has been more relevant for professional services contracts and not in the delivery of highway maintenance works. Officers are exploring with partner authorities, within the West of England, opportunities with respect to the delivery of highway maintenance works but these discussions are at an early stage. It maybe appropriate for larger scale contracts e.g. resurfacing but not for reactive works such as potholes.

## Performance management

As noted in point 5 above our current portfolio of contracts has evolved empirically without a clear performance and monitoring framework being in place for all contracts. Officers have now put in place a clear framework for all contracts which ensures a consistent approach and promotes efficient and effective delivery of contracts in Bristol. Bristol City Council is doing well in terms of Highway Maintenance performance. We are ranked 5th for condition of highways and 3rd for highway maintenance delivery in the National Highways and Transport survey 2014 out of the 78 Councils that responded to the survey. Bristol City Council is currently ranked 19/214 with a 98% repair rate by the Cyclists Touring Club "Fill that Hole" League Table which is a website where members of the cycling community can report road defects.

## Procurement, Contracting and Standardisation

**14.** HMEP are currently reviewing their suite of standard contract documentation for the delivery of highway maintenance contracts and will be

publishing this in the spring of 2015. Officers will then use this to review each of our existing contracts to assess which ones maybe appropriate to use for the new suite of standard contract documentation. The wider aim of standardisation of contracts is that enables the supply chain to more accurately understand the needs of a Local Authority and tailor their services accordingly thereby delivering savings and efficiencies.

## **Other Options Considered**

**15.** A range of options are still being considered. The status quo is not considered to be acceptable because new funding mechanisms from Department for Transport for Highway Capital Maintenance Schemes will be influenced by the degree to which Local Authorities comply with the recommendations of HMEP. Failure to demonstrate compliance with HMEP guidance could result in a reduction of future funding allocations during the funding period 2015-2021.

## **Risk Assessment**

**16.** Not applicable at this time.

## **Public Sector Equality Duties**

Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
  - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
  - promote understanding.

An Equality Impact Relevance Check has been undertaken and this has identified that no further work in relation to Equalities is required at this time. A full Equalities Impact Assessment will be undertaken as part of the detailed procurement process to ensure promotion of equality for persons with “protected characteristics”.

## **Legal and Resource Implications**

### **Legal**

Provided the relevant procurement law is complied with when procuring the framework, there will be a low risk of a successful procurement challenge.

**Advice given by**  
**Date**

**Sinead Wilis, Solicitor**  
**23 January 2015**

### **Financial**

#### **(a) Revenue and Capital**

There is no specific financial impact from the proposals in this report. The aim of the exercise in respect of highways capital expenditure is to identify the best contracting methodology in terms of effectiveness and cost. The cost of highways projects will always need to be contained within the budgets allocated and that budget will always provide a limit to the works that can be carried out.

**Advice given by**  
**Date**

**Mike Allen, Finance Business Partner**  
**23 January 2015**

### **Land**

Not applicable

### **Personnel**

#### **Human resources implications:**

All of the Highways Maintenance Contracts are provided by third party organisations. There will be workforce implications for these organisations if a new service delivery model is put in place. This could include the TUPE transfer of employees working in the organisations to different employers. These issues will need to be addressed as part of

the tendering process after the preferred approach for commissioning highway maintenance services has been determined.

**Advice given by**  
**Date**

**Mark Williams, People Business Partner**  
**23 January 2015**

**Appendices:**

Appendix A - Current Highways Maintenance Contracts

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None

**Appendix A Current Highways Maintenance Contracts**

	<b>A. Contract</b>	<b>B. End Date</b>	<b>D. Contract Value annual expenditure (2014/15)</b>	<b>H. Contractor</b>
1	Highway Maintenance and Minor Improvements Framework	May 2013 +4yrs Early exit option		
	Lot 1 Machine Laid Surfacing	"	£1.2m – 8m: 4yrs	Cemex Ltd.
	Lot 2 Surface Dressing	"	£1-£4: 4yrs	Kiley Brothers Ltd.
	Lot 3 Specialist Surface Treatments (anti-skid + footways)	"	£200 – £2m:4 yrs	Roadtech/Pronin
	Lot 4 Road Markings (double yellows etc)	"	£400 – £1m:4 yrs	Glamorgan Rd.
	Lot 5 Traffic Management (standard guidance on tariffs)	"	200 -2m:4 yrs	Forest Traffic Mgm
	Lot 6 Highway Maintenance + Minor Improvements (five contractors)	"	£2m – £20m:4yrs	ETM, Hemmings,
2	Term Contract Public Lighting	August 2015	£1.5m	Scottish Sovereign Electricity
3	Traffic Signals	June 2014	£650K	Imtech
4	Public Rights of Way Strimming & Extra overgrowth cut (Maintenance + Ad-hoc work)	June 2015	£7K + £13K	Cabot Landscapes Ltd.
5	Public Rights of Way Weed Spraying + Public Rights of Way Japanese Knotweed Spraying	June 2015	£800 + £1,800	Complete Weed Control
6	Cycleway vegetation and litter clearance	Sep 15+ 18 month extension	£15860 annually	Ambience Landscapes Ltd
7	Gully Cleansing Contract cyclical maintenance	March 2015	£300k - £450k	Carillion
8	Maintenance of Subway and Footbridge Drainage Systems including Pumping Stations	Retendered to June 2016	£24,000 per year	Bristol Contracting Services
9	Schedule of Rates for Minor Bridge Repairs + Walling Works	Extending to April 2016	£250k to £350k	Clutton Contractors
10	Schedule of Rates for Painting Works	Extending to April 2016	£30k to £50k	TBC by Shaun
11	Schedule of Rates for Blacksmiths Works	Extending to April 2016	250k to 350k	NPS Services
12	Winter Maintenance	October 2018	370k	May Gurney
13	Grit Bins (Procured under Lot 6 – Framework)	Part of Highway Maintenance Contract	47k	ETM
14	Weather station	May 2017	tbc	Vaisala
15	Weather forecast	April 2016	tbc	TBC
13	Highway Condition Surveys Memorandum of Understanding	Currently using Cornwall contract	£33k	WDM
14	Highway drainage & SW Culvert CCTV Surveys Contract terminated. (August 2014) and commissioning ad-hoc work	Ad-hoc commissioning	£100k Including CCPB £60k	Clearview
15	Maintenance & Constructional Improvements to Watercourses and Associated Structures Contract terminated (October 2014) and commissioning ad-hoc work	Ad-hoc commissioning	£50K - £100K	E R Hemmings
16	Bristol Flood Risk and Drainage Investigation + Design Framework Contract terminated (June 2014) and commissioning ad-hoc work	June 2014	£71k	Hyder Consulting, Ove Arup Mott Macdonald
17	Framework: Slab Lifting & Concrete Stabilisation Works	Jan 2014 Extn to Jan 2015	£200K-£400K	Balva Urtech
18	Rock Salt supply & Delivery	New Tender (Oct 14) Sept 2015	£30K	Salt Sales Co.
19	Removal of Vehicles from street to street	New Tender (Oct 14) Sept 2015	£40K	NK
20	Highways and Associated Works Framework 2013-2017	Recent tender (4yr framework) ending Jan '18.	Varies significantly. ITT indicated a forecast of £60 Million over 4 years	Total Contractors are ETM, Alun Griffiths, Dawnus, Eurovia, NM Construction, MJ Church and G Osborne.